NOTTINGHAMSHIRE COUNTY COUNCIL
STATEMENT OF ACCOUNTS 2010/11

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EXPLANATORY FOREWORD

1. The County Council's Statement of Accounts for the year 2010/11 is set out on the following pages. It is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 (the Code) and Best Value Accounting Code of Practice (BVACOP), both issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The statements also comply with appropriate guidance notes issued by CIPFA covering International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and interpretations of the Standing Interpretations Committee (SIC) and IFRS Interpretations Committee (IFRIC) as they apply to local authorities.

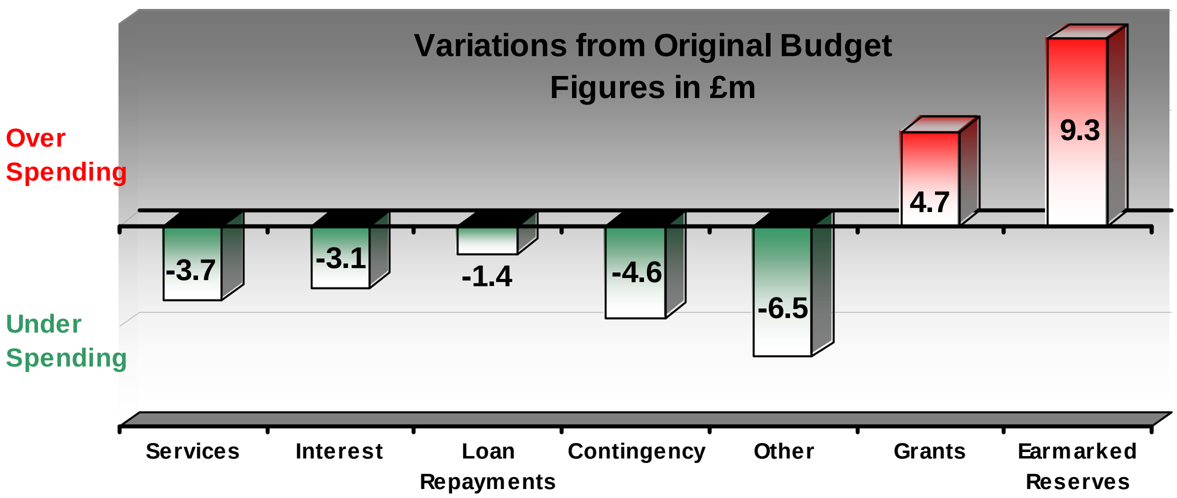
2. This foreword gives a brief summary of the Council's overall financial results for 2010/11. It also indicates the type of expenditure incurred and the ways in which money has been raised to pay for this.

Revenue Expenditure

3. The original budget estimated that there would be a £2.0 million use of General Fund balances. The final accounts show that there was an increase of £3.3 million in balances.

	Original Budget £m	Actual £m	Variance from Budget £m
INCOME			
Income raised from taxation:			
Precept Income (Council Tax)	307.8	307.8	-
Non Domestic Rate Income	153.8	153.8	-
Revenue Support Grant	22.3	22.3	-
	483.9	483.9	-
NET EXPENDITURE (inc appropriations)	**485.9**	**480.6**	**(5.3)**
Contribution (to)/from County Fund Balances	**2.0**	**(3.3)**	**(5.3)**

4. The main variations to net expenditure were:



In addition to the above Schools used £6.3 million of the Schools Statutory Reserve to fund spending in excess of the Dedicated Schools Grant.

	£m	£m
Areas where non-schools expenditure was reduced:		
Underspending on services	(3.7)	
Interest	(3.1)	
Loan Repayments	(1.4)	
Contingency	(4.6)	
Other	(6.5)	(19.3)
Areas where non-schools income reduced:		
Grants	4.7	4.7
Movement on reserves created from items above:		
CYP	2.6	
ASCH	2.1	
Other	4.6	9.3
Overall decrease in net expenditure compared with budget		**(5.3)**

5. The following table shows the position on the various balances and available reserves held by the County Council and usable for revenue purposes.

	1.4.10 £m	**Movement during year** £m	**31.3.11** £m
County Fund Balances	24.8	3.3	28.1
Insurance reserve	14.6	6.0	20.6
Reserves:			
Bassetlaw PFI	4.3	(1.5)	2.8
Capital Projects	1.5	2.8	4.3
Corporate Redundancy Reserve	3.1	0.0	3.1
Earmarked for Budget Carry Forwards	1.6	(1.6)	0.0
Earmarked for Services	37.7	(7.3)	30.4
East Leake PFI	2.6	0.2	2.8
Improvement Programme	3.9	4.7	8.6
Lifecycle Maintenance	2.7	1.0	3.7
Pay Review Reserve	5.0	(3.0)	2.0
Performance Reward Grant	8.5	(7.4)	1.1
Schools Statutory Reserve	38.0	(6.2)	31.8
Trading Organisations	2.4	0.5	2.9
Tram PFI	3.9	0.1	4.0
Tram Phase 2	1.9	(0.1)	1.8
Waste PFI	18.1	4.6	22.7
	174.6	**(3.9)**	**170.7**

6. The gross revenue cost of County Council services was £1,225.7 million in 2010/11. The analysis by type of expenditure is:

	Amount £m	**Proportion** %
Employees:		
Teachers and Lecturers	281.9	23.0
Other Employees	396.1	32.3
Single Status Back Pay pre April 10	11.6	1.0
Other Running Costs	491.7	40.1
Capital Charges to service revenue accounts	44.4	3.6
	1,225.7	**100.0**

7. For 2011/12 budget reductions of £68.8 million have already been identified, including £34.6 million efficiency savings. The Authority's Medium Term Financial Strategy has identified the need for further significant savings over the next four years and the Authority will continue to prioritise efficiency savings to meet these budget reductions.
A review of all the Authority's services has been undertaken and the Improvement Programme is now monitoring all savings projects including departmental and cross-cutting projects in areas such as procurement, business systems, rationalisation of property and staffing structures.

8. This year the calculation of IAS19 liabilities has resulted in a significant decrease in the assessment of the long-term pension liabilities (see Note 17 to the Accounts). The annual contribution required from the County Council gives the current impact of future liabilities and shows a moderate increase (see Note 16 to the Accounts). The Accounts reflect a significant gain of £151.7 million in respect of past service which has arisen due to the change to increase future pensions in line with the Consumer Price Index (CPI) as opposed to the Retail Price Index (RPI). This is shown as an exceptional item in the Comprehensive Income and Expenditure Statement.

9. The County Council continues to provide services and support to the Coroner's Service which is now a separate entity from the Authority. The revenue effect is shown under Contributions to Other Bodies within the Comprehensive Income and Expenditure Account.

10. The methods of financing the gross revenue cost of services are shown in the following table:

	Amount £m	**Proportion %**
Specific Revenue Grants paid to County Council	635.4	51.9
Fees and Charges etc.	148.8	12.1
	784.2	64.0
Council Tax, National Non-Domestic Rate, Formula Grant, LABGI, ABG and PSA	552.0	45.0
Interest and Investment Income	0.5	0.0
Other Items	(111.0)	(9.0)
	1,225.7	**100.0**

Capital Expenditure and Financing

11. The County Council's capital expenditure in 2010/11 was £105.6 million excluding amounts counted as capital expenditure for control purposes. The external capital financing costs amounted to £16.1 million.

12. At 31 March 2011, the insured value of the County Council's buildings was £3,141 million. This sum excludes the considerable investment in roads and other infrastructure works that has taken place over the years. In addition the Council owns approximately 4,429 hectares of land. The net book value of property, plant and equipment was £1,550 million.

13. The Council's borrowings, used to finance the past acquisitions of assets were £442.4 million at 31 March 2011. This includes long term borrowings, loans to be repaid within 1 year, deferred liabilities and finance leases related to PFI schemes. The County Council now makes use of financial instruments called Lender Option Borrower Option (LOBO) which offer attractive borrowing rates of interest as well as greater flexibility. At 31 March 2011 the amount owed of these type of borrowings was £91.2 million.

14. The Authority has entered into Private Finance Initiative (PFI) partnerships. The major schemes are as follows:

- The provision of a tram service by Arrow Consortium. The County and City Councils are 20% and 80% partners in the contract. The Tram became operational on 9th March 2004.

- The provision of schools at East Leake. Service commenced during 2003/04.

- The provision of schools and leisure facilities in Bassetlaw which commenced during 2007/08.

- Waste recycling and energy recovery facilities. The waste recycling facility became operational in 2007/08.

Further details of all PFI contracts are set out in Note 35 to the Accounts.

Explanation of the Statements

15. **Annual Governance Statement**
The Annual Governance Statement sets out the County Council's responsibility for Internal Control and describes both the purpose of internal control and the internal control environment. The Statement also summarises the County Council's review of the effectiveness of internal control and highlights significant internal control issues and the actions to be taken in order to address these.

16. **Other Statements**
The Statement of Accounts is supported by the Statement of Responsibilities, the Statement of Accounting Policies, and the Notes which follow the core financial statements and the pension accounts statements. In addition, there is a glossary of financial terms.

Movement in Reserves Statement
This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase /Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the council

Comprehensive Income and Expenditure Statement
This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Balance Sheet
The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, ie those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulation'.

Cash Flow Statement
The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash

flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

Group Financial Statements and Notes
The Group Financial Statements consolidate the accounts of the Council together with those of the companies over which the County Council has a significant influence. The broad aim of consolidation is to provide readers of the financial statements with an overall picture of the Council by showing the totality of its operations and available resources.

Pension Fund Account
This Statement shows the income and expenditure relating to the Local Government Pension Scheme (LGPS) administered by Nottinghamshire County Council.

Pension Net Assets Statement
This Statement shows the net current assets and liabilities arising from the operation of the County Council's Pension Scheme (LGPS). This Statement does not take account of liabilities to pay pensions and other benefits after the period end. Such liabilities are shown in the Balance Sheet.

17. **Changes in Accounting Policy**
Nottinghamshire County Council in line with other local authorities is required to adopt International Financial Reporting Standards (IFRS) from 1 April 2010 in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12. This has led to some significant changes in the format of the Statement of Accounts and to the reporting of transactions and balances. Furthermore, these changes have been retrospectively applied as if the new requirements had always been in force. However there is no net impact on the General Fund as all changes have been offset through movements in reserves either by statutory provision or by voluntary earmarking of reserves. These changes, and their impact upon the balance sheet and comprehensive income and expenditure account, are disclosed in Note 1 to the accounts and are summarised below:

- Schools: the accounting treatment of schools has been reassessed under IFRS tests based upon the degree of control exercised by the Council. As a consequence a number of schools have been removed from the Balance Sheet.

- Leases: all the Authority's leases have been reassessed based upon IFRS requirements which has led to the classification of leases as either finance or operating leases, being changed in number of cases. Consequently various assets have been added or removed from the Balance Sheet.

- Grants: Under the Code, grants and contributions for capital schemes are recognised as income when they become receivable. Previously, grants were held in a grants deferred account and recognised as income over the life of the assets which they were used to fund. As a consequence of adopting the accounting policy required by the Code the Government Grants Deferred Account at 31 March 2009 has been transferred to the Capital Adjustment Account, and grant income recognised on the new basis in the Income and Expenditure Statement.

- Employee Benefits: Employees build up an entitlement to paid holidays as they work. Under the Code, the cost of providing holidays and similar benefits is required to be recognised when employees render services that increase their entitlement to future compensated absences. As a result, the council is required to accrue for any annual leave earned but not taken at 31 March each year. Under the previous accounting arrangements, no such accrual was required.

18. **Impact of Current Economic Climate**
The Comprehensive Spending Review 2011/12 – 2014/15 published in October 2010 confirmed a significant real terms reduction in the Authority's funding. The Authority has developed budget and improvement plans to restrict expenditure to the reduced level of funding.

19. **Post Balance Sheet Events**
There are no material events to report since the accounts were prepared which are not reported in the accounts.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOTTINGHAMSHIRE COUNTY COUNCIL

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required:

* to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. The Service Director (Finance) is the responsible officer;

* to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;

* to prepare and publish a Statement of Accounts in accordance with the Accounts and Audit (England) Regulations 2011 ("the Regulations").

Responsibilities of the Service Director (Finance)

The Service Director (Finance) is responsible for the preparation of the Authority's Statement of Accounts, in accordance with the appropriate CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code").

In preparing this Statement of Accounts, the Service Director (Finance) has:

* selected suitable accounting policies and then applied them consistently;

* made judgements and estimates that were reasonable and prudent;

* complied with the Code and the Regulations.

The Service Director (Finance) has also:

* kept proper accounting records which were up to date;

* taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the accounts present a true and fair view of the financial position at the accounting date and its income and expenditure for the year ended on that date.

Paul Simpson
Service Director (Finance), Environment and Resources
30 June 2011

STATEMENT OF APPROVAL OF THE STATEMENT OF ACCOUNTS

The Statement of Accounts was approved by a meeting of the County Council on XX September 2011. The Service Director (Finance) is satisfied with the position set out in the Statement of Accounts. As Chairman of Nottinghamshire County Council I am satisfied that the approval process for the Statement of Accounts has now been completed satisfactorily and that the Statement of Accounts may now be issued.

Chairman of the County Council
XX September 2011

ANNUAL GOVERNANCE STATEMENT

1. SCOPE OF RESPONSIBILITY

Nottinghamshire County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. Public money must be safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the County Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including the arrangements for the management of risk.

The County Council has approved and adopted a local code on corporate governance, which is consistent with the principles of the CIPFA/SOLACE (Chartered Institute of Public Finance and Accountancy / Society of Local Authority Chief Executives) Framework *Delivering Good Governance in Local Government.* This statement explains how the Authority has complied with the code and also meets the requirements of regulation 4 of the Accounts and Audit Regulations (England) 2011 in relation to the publication of an annual governance statement.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework is made up from the systems, processes, culture and values put in place by the Authority. The Authority uses this framework to direct and control its work and ensure that it accounts to, engages with and leads the community. The framework enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the County Council for the year ended 31 March 2011 and up to the date of approval of the Statement of Accounts.

3. THE GOVERNANCE FRAMEWORK

The Authority's governance framework comprises many systems and processes including the arrangements for:-

a) Identifying and communicating the Authority's vision of its purpose and intended outcomes for citizens and services users.

A new Strategic Plan 2010/14 has been agreed which:-

- Provides a clear statement of the Authority's priorities, promises and values.
- Enables agreed political objectives and statutory requirements to drive the Authority's activities.
- Enables the communication of the Authority's priorities to staff, partner organisations and the community of Nottinghamshire.
- Provides a broad framework of objectives and performance indicators, to ensure effective performance management.
- Meets the expectation of key external assessment agencies.

A Sustainable Community Strategy for 2010 to 2020 has also been agreed. The Strategy provides the overall guiding framework for organisations working for the benefit of Nottinghamshire.

Each year the Authority approves the annual budget and capital programme which includes an update of the Medium Term Financial Strategy. The Medium Term Financial Strategy is the financial plan which underpins the Strategic Plan.

b) Reviewing the Authority's vision and its implications for the Authority's governance arrangements

The Strategic Plan provides the basis for future corporate and service planning over the period 2010 to 2014. Progress on the Authority's achievements is assessed by the monitoring of agreed key actions and meeting performance indicator targets. Two reports are submitted to Cabinet each year setting out the progress made. The Authority has a performance management framework which sets out in detail the individual factors that are required to manage performance and how they work together in the Authority. This framework is currently being reviewed to reflect the changing political and economic climate in which the Authority now operates.

c) Measuring the quality of services for users, ensuring that they are delivered in accordance with the Authority's objectives and ensuring that they represent the best use of resources.

The Authority carries out annual budget consultations and has in place a robust complaints procedure. A Citizens Panel, 'Nottinghamshire Listens', made up of 8,000 people is in place and has been used to engage with citizens throughout the County. Progress towards delivering the Strategic Plan's priorities and objectives is monitored quarterly and reported to full Council every 6 months through the lead member for performance.

d) Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication.

The Constitution sets out how decisions are made and the procedures followed to ensure that these are efficient, transparent and accountable to local people. Responsibility for decision making, the role of full Council, the Cabinet, Committees and the process for determining key decisions are defined in the Constitution. Delegations are detailed so that the functions of full Council, Cabinet, Cabinet Members, Committees and Officers are specified. Appropriate protocols are in place. The Annual Overview and Scrutiny Report provides a summary of the scrutiny work carried out during the year and highlights the recommendations made by Members to improve the delivery of public services to the communities of Nottinghamshire.

e) Developing, communicating and embedding codes of conduct, defining the standards of behaviour for Members and staff.

Codes of Conduct, for both Members and staff, are contained within the Constitution together with the Code on Member and Officer Relationships. The Constitution is posted on the Council's website. The Authority's Standards Committee is responsible for promoting and maintaining high standards of conduct by the County's Members and officers. As part of its annual work programme during 2010/11, the Standards Committee reviewed comments, compliments and complaints on the Authority's services and updates on a range of issues including Freedom of Information, Whistleblowing and the Regulation of Investigatory Powers Act.

f) Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks.

The Monitoring Officer is responsible for keeping the Constitution under review and reporting any proposed amendments to Council. The most recent review was in March 2011. The Authority's Risk Register is reviewed at each of the five meetings a year of the Risk, Safety and Emergency Management Board to determine whether additional steps are required to mitigate key risks.

g) Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities.

In its Review of Internal Audit, completed in early 2008, the External Auditor commented that the Audit Committee was carrying out the functions expected of it and that its role was in line with the expectations of the CIPFA Code. The core functions relate to the review of Internal and External Audit work, the effectiveness of the Authority's control environment, the review of the annual assurance statement, scrutiny of Treasury Management and the review of the financial statements. These functions are covered by the Audit Committee.

h) Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

The Monitoring Officer is responsible, after consultation, for reporting to full Council or Cabinet if it is considered that any proposal, decision or omission would give rise to unlawfulness. In addition, Legal Comments are contained in reports to Council, the Executive and Committees to advise on compliance with the policy framework and the Constitution. The Service Director (Finance) also has a responsibility to highlight any proposal, decision or course of action which will involve any unlawful expenditure. The External Auditors also carry out an external audit of the Council's accounts.

i) Whistle-blowing and receiving and investigating complaints from the public.

The Authority's Whistleblowing Policy was reviewed by the Standards Committee during 2007/8 and a number of changes made. These were approved by the County Council and the new Policy was implemented from 1 February 2008. The Authority's complaints procedure is well established and is monitored by the Standards Committee. In January 2011 the Standards Committee received a report on the discharge of the Authority's duties under the Whistleblowing Policy.

j) Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.

Members elected at by-elections have received training which has included ethics. All officers, including senior officers, are subject to annual Performance and Development Reviews. These reviews specifically identify and monitor development and training needs in relation to the individual employee's role. The year has seen significant changes in officer structures and roles and a focus on cutting back on all but essential expenditure. Development needs will need to be addressed within this environment.

k) Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.

Communication channels include the County News civic newspaper delivered to every household in the County, the County website and targeted audiences e.g. service user and carer groups. The setting of the 2011/12 budget has been subject to extensive and robust consultation, reflecting the scale of decisions the Council has needed to make. The Big Budget Conversation was launched on 1st September 2010 and was designed to gauge the public's view on their broad priorities for the County Council's expenditure. Methods for consulting have included, amongst other things, an on-line questionnaire, inviting comments in County News, making information and questionnaires available at libraries and information points, providing a freepost address for residents to send in their letters, numerous press articles, radio and television interviews by Members and Officers and direct correspondence with stakeholders.

l) Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the Authority's overall governance arrangements.

The Constitution sets out policy guidance for County Council involvement in partnerships and guidance on entering into partnerships has also been produced. A review of Partnership working has been completed by a sub-committee of the

Overview Committee. The findings and recommendations of the review have been passed through to the relevant decision makers for consideration.

4. REVIEW OF EFFECTIVENESS

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the External Auditor and other review agencies and inspectorates.

Throughout 2010/11, the Authority has maintained and reviewed the effectiveness of the governance framework. In particular:-

a) The County Council has received and considered a number of reports, including:-

- Annual Performance Report 2010/11 and Performance Management Framework
- A Progress Report and recommendations for action on the Improvement Programme
- Some changes to the Constitution
- A report from the Chair of the Overview Committee
- Statement of Accounts 2009/10
- Lending Policy
- Budget Report 2011/12 and Medium Term Financial Strategy 2011/12 to 2014/15
- A report from the Chairman of the Standards Committee

b) Cabinet has considered and approved a number of reports in its role as the Executive including:-

- Review of Decision Making
- Budget Proposals
- Revenue Budget Monitoring
- Addressing in-year grant reductions and projected overspending
- Capital Programme Monitoring
- Annual Performance Assessment of Adult Social Care
- The Annual Audit Letter 2010

c) The Audit Committee and Overview Committee have considered a wide variety of issues including:-

- Internal Audit Annual Plan 2010/11
- Counter Fraud Measures
- Annual Governance Statement
- Audit Commission Audit and Inspection Plan
- External Audit Governance Report
- Treasury Management Policy for 2011/12
- Partnerships review
- Improvement Programme
- Review of Domestic Violence
- Budget Consultation process

d) The Standards Committee, in its role as promoting and maintaining high standards of conduct by the County Council has received reports on:-

- Freedom of Information policy
- Corporate complaints procedure – a summary of complaints
- Monitoring of Members Attendance at committees
- Regulation of Investigatory powers inspection
- Annual Work Programme and timetable

e) Internal Audit has undertaken planned reviews of internal control procedures across all departments and across a range of functions in the Authority. Each review contains an opinion on the internal controls in place and Internal Audit's

overall opinion of the Authority's system of internal control, based on the audits completed in 2010/11, is that it is adequate.

f) External Audit's Annual Audit Letter 2010, stated that the Auditor issued an unqualified opinion on the County Council's 2009/10 accounts. The closedown arrangements for producing the financial statements were assessed as continuing to work well, with the accounts being presented for audit before the required statutory date and being free from material error. The Council was assessed as being on track to produce International Financial Reporting Standards (IFRS)-compliant accounts for 2010/11 by 30th June 2011. The Auditor also concluded that the Council had put in place adequate arrangements for securing economy, efficiency and effectiveness in its use of resources.

5. SIGNIFICANT GOVERNANCE ISSUES

The Authority faces an extremely challenging year in 2011/12 as it seeks to manage significant budget reductions, increasing demand for some key services and new ways of working, simultaneously. The following represent the key issues to be addressed in relation to significant governance issues:-

a) There has been a significant reduction of Government Grant funding for 2011/12. The Government Formula Grant reduced from £227.587 million in 2010/11 to £198.777 million in 2011/12, a loss of £28.810 million (-12.66%). The Council has plans in place to respond to this challenge.

b) In May 2010 a report from Ofsted and the Care Quality Commission identified that the County Council's safeguarding of children was inadequate. The County Council has responded with a Safeguarding Improvement Programme and significant extra resources have been provided to address the issues raised. It is anticipated that the Improvement Notice may be removed later this year due to the speed of response and performance improvements.

c) The County Council has implemented a new structure and reduced its management by 25% to help maintain front line services. The County needs to ensure that key controls and governance arrangements continue to work effectively as new structures settle in.

d) The Strategic Plan has undergone a refreshment process to ensure it remains appropriate, deliverable and manageable in the changing political and economic conditions that the council now has to operate in since it was first approved in 2010. Revised performance management arrangements will be implemented to ensure the Authority focuses its efforts on the key priorities of the plan.

e) A new integrated Business Management System will be implemented in October 2011. The timetable for implementation is challenging and the scope of the system is broad and ambitious. A full assessment is being undertaken to minimise risk.

f) The new Ways of Working project will reduce the number of offices down from 23 to 5. The majority of the funding for the project is anticipated to be from capital receipts from the disposal of surplus property (approximately £8.5 million). This may be difficult to realise in the current market conditions.

g) The challenging budget reductions in 2011/12 will require careful monitoring and immediate action if they fall behind during implementation.

The Audit Committee reviewed the governance framework detailed in this statement at their meeting on 17 May 2011. We are aware of the steps that are being and will be taken to address the above significant governance issues and are satisfied that these are appropriate. We will monitor their implementation during the course of 2011/12.

Councillor Kay Cutts
Leader of the County Council
17 May 2011

Mick Burrows
Chief Executive
17 May 2011

STATEMENT OF ACCOUNTING POLICIES

1. GENERAL POLICIES

The Statement of Accounts summarises the Authority's transactions for the 2010/11 financial year and its position at the year-end of 31 March 2011. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 and the Best Value Accounting Code of Practice 2010/11, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

2. EXCEPTIONAL ITEMS

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

3. PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, ie in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

4. CHARGES TO REVENUE FOR NON-CURRENT ASSETS

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible fixed assets attributable to the service.

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance [MRP], by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

5. COSTS OF SUPPORT SERVICES

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Accounting Code of Practice 2010/11 (BVACOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users as follows:

- Office Accommodation – in proportion to floor area occupied

- Other central administrative expenses – allocation of staff time
- Architectural Engineering Services for Capital Programme – recharged to capital using professional scale fees

The following two cost categories are defined in BVACOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on the Cost of Services.

- Corporate and Democratic Core – costs relating to the Authority's status as a multifunctional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early, pensions past service cost and impairment losses chargeable on Assets Held for Sale.

6. EMPLOYEE BENEFITS & PENSIONS

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service line (or discontinued operations) in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Employees of the Authority are members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The Local Government Pensions Scheme, administered by Nottinghamshire County Council

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Authority. However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Authority. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc., and

projections of projected earnings for current employees. In assessing these liabilities at 31 March 2011 for the 2010/11 Statement of Accounts, the actuary made a number of changes in the assumptions underlying the present value of the scheme liabilities. These include a change in the assumed pensions increase from 3.9% to 2.7% and inflation. Application of these revised assumptions has resulted in a decrease in liabilities measured at today's prices of £383.0 million (£376.8 million LGPS, £6.2 million Teachers)

- The assets of the pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value.
- The change in the net pensions liability is analysed into seven components:
  - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
  - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
  - interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
  - expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
  - gains or losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
  - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve
  - contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

7. REVENUE EXPENDITURE FINANCED FROM CAPITAL UNDER STATUTE

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

Capital grants made to other bodies are written off to the appropriate Service revenue account during the financial year because they do not represent value for money to the Authority beyond the end of the financial year. This includes grants made to bodies where the Authority is the accountable body and exercises control over grant distribution.

8. PROPERTY PLANT AND EQUIPMENT

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (ie repairs and maintenance) is charged as an expense when it is incurred.

Assets are, however, only recognised when they exceed the de minimus levels for 2010/11 set out below:

Land and Buildings	£10,000
Community Assets	£10,000
Infrastructure	All are included
Under Construction	All are included
All other Assets	£6,000

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

The current land and building values used in the Statement of Accounts are based upon a certificate as at 31 March 2011 issued by the Council's Property Group Manager, P. Robinson MRICS, on 31 May 2011. A rolling 5 year revaluation programme is in place to maintain the accuracy of the valuations. When significant changes occur in any year they are included in the revaluation work undertaken during that year.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is charged in the year after acquisition or construction. Where depreciation is provided for, assets are depreciated using the straight line method. The lives of the assets vary and fall within the following ranges:

Asset Type	Useful Life (In Years)
Buildings	1 – 50
Vehicles and plant	1 – 20
Infrastructure	40
IT and other equipment	3 – 5
Intangibles	3 – 5
Furniture and Fittings	5 - 15

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. For the 2010/11 Statement of Accounts the Authority has not identified any components to be depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any losses previously recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Capital receipts are required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

9. FINANCIAL ASSETS

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, the Authority, for policy reasons, can make loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in

the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (eg dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

10. CASH AND CASH EQUIVALENTS

Amounts held in call accounts or money market funds are highly liquid and readily convertible. These can be held for relatively long periods as call account rates are currently attractive. However, these accounts are used to cover short-term cash flow needs and so will be classed as cash equivalents.

Fixed term investments, of whatever duration, are not readily convertible to known amounts of cash. Fixed deals can be broken but only through negotiation with the borrower and at a penalty

depending on the fair value of the loan at the time of break. All fixed term investments will not therefore be classed as cash equivalents.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

11. OTHER ASSETS

Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (eg software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

Interests in Companies and Other Entities

The Authority has material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and require it to prepare group accounts. In the Authority's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Authority in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the

establishment of a separate entity. The Authority recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure its incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Authority and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Authority accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

12. INVENTORIES

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

13. ACCRUALS OF INCOME AND EXPENDITURE

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Where significant debtors or creditors arise from such items as government grants and pay awards that are not yet finalised, estimates are made on the basis of best information that is currently available.

Accounting instructions require accruals to be raised where amounts are in excess of £1,000. Schools are asked to take responsibility for accruing for employee costs where individual amounts owing are in excess of £1,000.

14. FINANCIAL LIABILITIES

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and

Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

15. LEASES

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases

Property, plant and equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower), where the fair value exceeds the £6,000 de minimus limit. The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Where material, contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases are accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Authority as Lessor

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. [When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

16. PRIVATE FINANCE INITIATIVE (PFI) and SIMILAR CONTRACTS

The Authority has entered into a number of Private Finance Partnerships. PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Authority is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Authority at the end of the contracts for no additional charge, the Authority carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. For the Bassetlaw Schools PFI scheme and East Leake Schools PFI scheme, the liability was written down by an initial capital contribution of £9.0 million and £2.9 million respectively.

Non current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Authority.

The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement

- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

Non Local Authority Maintained Schools

All non Local Authority Maintained Schools have also been assessed under IFRIC12 to determine whether their assets should appear on the Local Authority's Balance Sheet. The following groups of schools' assets have been included in the Local Authority's Balance Sheet:

- Voluntary Controlled Schools which pass the control tests within IFRIC 12

Prior to 2010/11 Foundation Schools where the property could transfer back to the Authority were included in the Balance Sheet. However, these schools are no longer assessed as passing the control tests within IFRIC12 and are therefore now treated as off Balance Sheet.

17. GOVERNMENT GRANTS AND CONTRIBUTIONS

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as receipts in advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Area Based Grant

Area Based Grant (ABG) is a general grant allocated by central government directly to local authorities as additional revenue funding. ABG is non-ringfenced and is credited to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement.

18. PROVISIONS

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Landfill Allowance Schemes

Landfill allowances, whether allocated by DEFRA or purchased from another Waste Disposal Authority (WDA) are recognised as current assets and are initially measured at fair value.

Landfill allowances allocated by DEFRA are accounted for as a government grant. After initial recognition, allowances are measured at the lower of cost and net realisable value.

As landfill is used, a liability and an expense are recognised. The liability is discharged either by surrendering allowances or by payment of a cash penalty to DEFRA (or by a combination). The liability is measured at the best estimate of the expenditure required to meet the obligation, normally the market price of the number of allowances required to meet the liability at the reporting date. However, where some of the obligation will be met by paying a cash penalty to DEFRA, that part of its liability is measured at the cost of the penalty.

The fair value of landfill allowances is currently assessed at zero and the Authority has not incurred any cash penalty, so no values are recorded for use of landfill during the 2010/11 financial year.

19. Contingent Liabilities

A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

20. Contingent Assets

A contingent asset arises where an event has taken place that gives the authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

No contingent assets have been identified for the Authority at 31st March 2011.

21. Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority. These reserves are explained in Note 44.

22. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

23. Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

24. Foreign Currency Translation

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

MOVEMENT IN RESERVES STATEMENT 2010/11

	General Fund	Schools Statutory Reserve	Insurance Reserve	Capital Receipts and Grants Unapplied Reserve	Other Earmarked Reserves	**Total Usable Reserves**	**Total Unusable Reserves**	**Total Reserves**
Balance Brought Forward	**24,839**	**38,024**	**14,566**	**13,542**	**97,176**	**188,147**	**(190,279)**	**(2,132)**
Surplus/(Deficit) on the provision of services	87,758	-	-	-	-	**87,758**	-	**87,758**
Other Comprehensive Income and Expenditure								
(Surplus)/Deficit arising on revaluation of non-current assets	-	-	-	-	-	**-**	**(2,659)**	**(2,659)**
(Surplus)/Deficit arising on revaluation of loans and receivables	-	-	-	-	-	**-**	**-**	**-**
(Surplus)/Deficit arising on revaluation of available for sale financial assets	-	-	-	-	-	**-**	**-**	**-**
Actuarial (gains)/losses on pension fund assets and liabilities	-	-	-	-	-	**-**	**388,307**	**388,307**
Other (gains) and losses	(3)	1	-	1	-	**(1)**	**668**	**667**
	(3)	**1**	**-**	**1**	**-**	**(1)**	**386,316**	**386,315**
Total Comprehensive Income and Expenditure	**87,755**	**1**	**-**	**1**	**-**	**87,757**	**386,316**	**474,073**
Adjustments between accounting basis and funding basis under regulations								
Amortisation of intangible assets	472	-	-	-	-	**472**	**(472)**	**-**
Depreciation of Property, Plant and Equipment	43,891	-	-	-	-	**43,891**	**(43,891)**	**-**
Revaluation Gains and Losses	32,350	-	-	-	-	**32,350**	**(32,350)**	**-**
Movements in fair value of investment properties	(257)	-	-	-	-	**(257)**	**257**	**-**
Movements in fair value of non-current assets held for disposal	1,430	-	-	-	-	**1,430**	**(1,430)**	**-**
Capital Grants credited to the CI&E	(50,014)	-	-	50,014	-	**-**	**-**	**-**
Application of grants to capital financing transferred to the CAA	-	-	-	(60,039)	-	**(60,039)**	**60,039**	**-**
Revenue Expenditure Funded from Capital under Statute	15,931	-	-	-	-	**15,931**	**(15,931)**	**-**
Revenue Expenditure Funded from Capital under Statute Grant Funding	(11,653)	-	-	-	-	**(11,653)**	**11,653**	**-**
Net Gain/Loss and disposal proceeds on disposal of non-current assets	4,540	-	-	-	-	**4,540**	**(4,540)**	**-**
Difference between the statutory charge and the amount recognised as income and expenditure in respect of financial instruments	(14)	-	-	-	-	**(14)**	**14**	**-**
Difference between amounts credited to the CI&E Account and amounts to be recognised under statutory provisions relating to Council Tax	(1,047)	-	-	-	-	**(1,047)**	**1,047**	**-**
Net charges made for retirement benefits in accordance with IAS 19	(44,910)	-	-	-	-	**(44,910)**	**44,910**	**-**
Statutory provision for the financing of capital investment	(21,995)	-	-	-	-	**(21,995)**	**21,995**	**-**
Capital Expenditure charged in the year to the General Fund	(4,765)	-	-	-	-	**(4,765)**	**4,765**	**-**
Employer's contributions payable to the Pension Fund and retirement benefits paid directly to pensioners	(56,248)	-	-	-	-	**(56,248)**	**56,248**	**-**
Difference between employee benefits charged to the CI&E and charged per statutory requirements	667	-	-	-	-	**667**	**(667)**	**-**
Net additional Amount to be credited to the General Fund Balance	**(91,622)**	**-**	**-**	**(10,025)**	**-**	**(101,647)**	**101,647**	**-**
Net Increase/(Decrease) before transfers to Earmarked Reserves	**(3,867)**	**1**	**-**	**(10,024)**	**-**	**(13,890)**	**487,963**	**474,073**
Transfers to/(from) Earmarked Reserves								
Transfers to/(from) other Earmarked Reserves	7,152	(6,261)	6,073	-	(6,964)	**-**	**-**	**-**
	7,152	**(6,261)**	**6,073**	**-**	**(6,964)**	**-**	**-**	**-**
Carried Forward	**28,124**	**31,764**	**20,639**	**3,518**	**90,212**	**174,257**	**297,684**	**471,941**

MOVEMENT IN RESERVES STATEMENT 2009/10

	General Fund	Schools Statutory Reserve	Insurance Reserve	Capital Receipts and Grants Unapplied Reserve	Other Earmarked Reserves	**Total Usable Reserves**	**Total Unusable Reserves**	**Total Reserves**
Balance Brought Forward	**24,837**	**42,223**	**12,692**	**3,406**	**90,343**	**173,501**	**466,028**	**639,529**
Surplus/(Deficit) on the provision of services	(153,690)	-	-	-	-	**(153,690)**	**-**	**(153,690)**
Other Comprehensive Income and Expenditure								
(Surplus)/Deficit arising on revaluation of non-current assets	-	-	-	-	-	**-**	**(43,638)**	**(43,638)**
Actuarial (gains)/losses on pension fund assets and liabilities	-	-	-	-	-	**-**	**(444,803)**	**(444,803)**
Other (gains) and losses	3	-	1	(2)	-	**2**	**468**	**470**
	3	**-**	**1**	**(2)**	**-**	**2**	**(487,973)**	**(487,971)**
Total Comprehensive Income and Expenditure	**(153,687)**	**-**	**1**	**(2)**	**-**	**(153,688)**	**(487,973)**	**(641,661)**
Adjustments between accounting basis and funding basis under regulations								
Amortisation of intangible assets	507	-	-	-	-	**507**	**(507)**	**-**
Depreciation of Property, Plant and Equipment	43,116	-	-	-	-	**43,116**	**(43,116)**	**-**
Revaluation Gains and Losses	129,321	-	-	-	-	**129,321**	**(129,321)**	**-**
Movement in fair value of investment properties	580	-	-	-	-	**580**	**(580)**	**-**
Movement in fair value of non-current assets held for disposal	-	-	-	-	-	**-**	-	**-**
Capital Grants credited to the CI&E	(57,615)	-	-	57,615	-	**-**	-	**-**
Application of grants to capital financing transferred to the CAA	-	-	-	(48,847)	-	**(48,847)**	**48,847**	**-**
Revenue Expenditure Funded from Capital under Statute	25,849	-	-	-	-	**25,849**	**(25,849)**	**-**
Revenue Expenditure Funded from Capital under Statute Grant Funding	(17,543)	-	-	-	-	**(17,543)**	**17,543**	**-**
Net Gain/Loss and disposal proceeds on disposal of non-current assets	53,289	-	-	-	-	**53,289**	**(53,289)**	**-**
Difference between the statutory charge and amount recognised as income and expenditure in respect of financial instruments	(14)	-	-	-	-	**(14)**	**14**	**-**
Difference between amounts credited to the CI&E Account and amounts to be recognised under statutory provisions relating to Council Tax	(1,029)	-	-	-	-	**(1,029)**	**1,029**	**-**
Net charges made for retirement benefits in accordance with IAS 19	67,657	-	-	-	-	**67,657**	**(67,657)**	**-**
Statutory provision for the financing of capital investment	(21,734)	-	-	-	-	**(21,734)**	**21,734**	**-**
Capital Expenditure charged in the year to the General Fund	(6,831)	-	-	-	-	**(6,831)**	**6,831**	**-**
Employer's contributions payable to the Pension Fund and retirement benefits paid directly to pensioners	(53,928)	-	-	-	-	**(53,928)**	**53,928**	**-**
Difference between employee benefits charged to the CI&E and charged per statutory requirements	(2,059)	-	-	-	-	**(2,059)**	**2,059**	**-**
Net additional Amount to be credited to the General Fund Balance	**159,566**	**-**	**-**	**8,768**	**-**	**168,334**	**(168,334)**	**-**
Net Increase/(Decrease) before transfers to Earmarked Reserves	**5,879**	**-**	**1**	**8,766**	**-**	**14,646**	**(656,307)**	**(641,661)**
Transfers to/(from) Earmarked Reserves								
Transfers to/(from) other Earmarked Reserves	(5,877)	(4,199)	1,873	1,370	6,833	**-**	**-**	**-**
	(5,877)	**(4,199)**	**1,873**	**1,370**	**6,833**	**-**	**-**	**-**
Carried Forward	**24,839**	**38,024**	**14,566**	**13,542**	**97,176**	**188,147**	**(190,279)**	**(2,132)**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	Note	2009/10 Gross Expenditure	2009/10 Income	2009/10 Net Expenditure	2010/11 Gross Expenditure	2010/11 Income	2010/11 Net Expenditure
		£000	£000	£000	£000	£000	£000
Gross expenditure, gross income and net expenditure of continuing operations							
Children's and Education Services		876,936	(619,223)	257,713	843,081	(643,720)	199,361
Environmental Services		32,854	(3,302)	29,552	29,522	(2,871)	26,651
Highways, Roads and Transportation	9	76,670	(14,091)	62,579	82,116	(16,922)	65,194
Leisure		14,914	(5,854)	9,060	16,340	(6,641)	9,699
Libraries		15,425	(1,756)	13,669	16,941	(2,137)	14,804
Planning and Development		7,761	(1,503)	6,258	7,084	(1,269)	5,815
Adult Social Care		297,073	(94,350)	202,723	327,011	(87,779)	239,232
Democratic Representation and Management		4,375	(2)	4,373	4,455	(83)	4,372
Corporate Management		16,709	(9,070)	7,639	27,784	(21,617)	6,167
Non Distributed Costs		7,611	(1,368)	6,243	8,188	-	8,188
Central Services to the Public		4,223	(966)	3,257	2,642	(1,116)	1,526
Exceptional Items							
Single Status - Back Pay	7, 36	12,781	-	12,781	11,647	-	11,647
Pensions past service gain	7, 17	-	-	-	(151,730)	-	(151,730)
Contributions to Other Bodies							
Coroner		643	-	643	642	-	642
Cost of services		**1,367,975**	**(751,485)**	**616,490**	**1,225,723**	**(784,155)**	**441,568**
Other Operating Expenditure							
Loss on Disposal of non-current assets		53,290	-	53,290	4,540	-	4,540
Change in fair value of assets held for sale	22	-	-	-	1,430	-	1,430
Other Operating Income and Expenditure	39	3,472	(163)	3,309	997	(212)	785
Financing and Investment Income and Expenditure							
Interest Payable	40	34,846	-	34,846	35,660	-	35,660
Pensions Interest Costs	40	90,056	-	90,056	102,176	-	102,176
Expected Return on Pensions Assets	40	-	(47,768)	(47,768)	-	(68,567)	(68,567)
Interest and Investment Income	40	-	(2,106)	(2,106)	-	(493)	(493)
Income & Expenditure in relation to Investment Properties and changes in their fair value	23	714	(484)	230	70	(818)	(748)
Net (Surplus)/Deficit of Trading Undertakings	8	43,862	(43,875)	(13)	45,396	(41,361)	4,035
Insurance Revenue	42	(1,829)	(45)	(1,874)	(5,991)	(83)	(6,074)
Taxation and Non-Specific Grant Income							
Recognised capital grants and contributions	13			(57,615)			(50,014)
Income from Council Tax	13			(305,975)			(308,833)
General Government Grants	13			(46,771)			(42,188)
Non-Domestic Rates Distribution	13			(136,194)			(153,749)
Local Authority Business Growth Initiatives				(313)			-
Area Based Grant				(34,881)			(52,688)
Performance Reward Grant				(11,021)			5,402
(Surplus)/Deficit on Provision of Services				**153,690**			**(87,758)**
(Surplus)/Deficit on Revaluation of non current assets				43,637			2,659
Actuarial (gains) / losses on pensions assets / liabilities	17			444,803			(388,307)
Any other (gains) and losses				(468)			(665)
Total Comprehensive Income and Expenditure				**641,662**			**(474,071)**

BALANCE SHEET

	Note	31 March 2009 £000	31 March 2009 £000	31 March 2010 £000	31 March 2010 £000	31 March 2011 £000	31 March 2011 £000
Property, Plant and Equipment (PPE)	18						
Land & Buildings		1,202,879		998,380		971,203	
Vehicles & Plant		21,945		26,039		24,988	
Equipment, Furniture & Fittings		43,701		45,621		50,687	
Infrastructure Assets		397,471		414,605		432,711	
Community Assets		33		33		33	
Surplus Assets		36,440		37,469		38,306	
Under Construction		19,340	1,721,809	25,801	1,547,948	32,486	1,550,414
Investment Property	23	28,382		24,972		25,310	
Intangible Assets	24	1,434		943		6,142	
Long Term Advances	25	2,537		2,729		2,883	
Long Term Debtors	30	4,641	36,994	5,179	33,823	6,009	40,344
Total Long Term Assets			**1,758,803**		**1,581,771**		**1,590,758**
Short Term Investments	25	113,890		74,356		20,038	
Inventories	29	5,095		3,707		3,400	
Short Term Debtors	30	58,223		75,070		65,106	
Less Bad Debts Provision		(2,051)		(2,358)		(3,400)	
		56,172		72,712		61,706	
Landfill Usage Allowances	33	-		-		-	
Current Assets Held for Sale	22	848		155		6,298	
Total Current Assets			**176,005**		**150,930**		**91,442**
Cash and Cash Equivalents	32	(88,391)		(23,008)		(8,994)	
Short Term Creditors	31	(149,538)		(161,693)		(154,322)	
Short Term Provisions	37	(1,172)		(1,262)		(15,326)	
Loans to be repaid within 1 year	25	(9,430)		(11,962)		(11,713)	
Short Term Finance Lease Liability	25, 34, 35	(4,248)		(4,896)		(4,787)	
			(252,779)		(202,821)		(195,142)
Total Assets less Current Liabilities			**1,682,029**		**1,529,880**		**1,487,058**
Long Term Provisions	37	(8,514)		(10,059)		(6,883)	
Long Term Borrowing	25	(242,013)		(275,062)		(258,745)	
Long Term Finance Lease Liability	25, 34, 35	(170,195)		(170,897)		(164,892)	
Deferred Liability	26	(3,166)		(2,729)		(2,322)	
Capital Grants Receipts in Advance	13	(4,970)		(1,558)		(701)	
			(428,858)		(460,305)		(433,543)
IAS 19 Pensions Liability	17		(613,642)		(1,071,707)		(581,574)
Total Net Assets			**639,529**		**(2,132)**		**471,941**
Usable Reserves							
Capital Receipts and Grants Unapplied Reserve	38		3,406		13,542		3,518
Other Earmarked Reserves	41		90,343		97,176		90,212
General Insurance	42		12,692		14,566		20,639
Schools Statutory Reserves	43		42,223		38,024		31,764
General Fund Balance	41		24,837		24,839		28,124
Unusable Reserves							
Capital Adjustment Account	44		901,848		756,403		760,446
Revaluation Reserve	44		189,393		133,494		126,887
IAS 19 Pensions Reserves	17, 44		(613,642)		(1,071,707)		(581,574)
Financial Instruments Adjustment Account	44		(189)		(175)		(161)
Collection Fund Adjustment Account	44		2,553		3,582		4,629
Employee Benefits Account	44		(13,935)		(11,876)		(12,543)
			639,529		**(2,132)**		**471,941**

CASH FLOW STATEMENT

	2009/10 £000	2010/11 £000
Net (surplus) or deficit on the provision of services	153,689	(87,758)
Adjust for non-cash movements	(193,276)	52,331
Adjust for items included in investing or financing	2,218	4,914
Net cash flows from operating activities	**(37,369)**	**(30,513)**
Investing activities	2,543	(4,973)
Financing activities	(30,557)	21,472
Net (increase)/decrease in cash and cash equivalents	**(65,383)**	**(14,014)**
Cash and cash equivalents at beginning of period	**(88,391)**	**(23,008)**
Cash and cash equivalents at end of period	**(23,008)**	**(8,994)**

NOTES TO THE STATEMENT OF ACCOUNTS

1. Explanation of Adjustments arising on Transition to IFRS

The Statement of Accounts for 2010/11 is the first to be prepared on an IFRS basis. Adoption of the IFRS based Code has resulted in the restatement of various balances and transactions, with the result that some amounts presented in the financial statements are different from the equivalent figures presented in the Statement of Accounts for 2009/10.
The following tables explain the material differences between the amounts presented in the 2009/10 financial statements and the equivalent amounts presented in the 2010/11 financial statements.

1. Short-term accumulating compensated absences
Short-term accumulating compensated absences refers to benefits that employees receive as part of their contracts of employment, entitlement to which is built up as they provide services to the Council. The most significant benefit covered by this heading is holiday pay.
Employees build up entitlements to paid holidays as they work. Under the Code, the cost of providing holidays and similar benefits is required to be recognised when employees render services that increase their entitlement to future compensated absences. As a result, the Council is required to accrue for any annual leave earned but not taken at 31 March each year. Under the previous accounting arrangement, no such accrual was required.

The government has issued regulations that mean local authorities are only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Amounts are transferred to the Employee Benefits Account until the benefits are used.

Accruing for short-term accumulating compensated absences has resulted in the following changes being made to the 2009/10 financial statements:

Opening 1 April 2009 Balance Sheet

	2009/10 Statements £000	Adjustment Made £000
Creditors	(158,645)	(13,935)
Employee Benefits Account	-	13,935

31 March 2010 Balance Sheet

	2009/10 Statements £000	Adjustment Made £000
Creditors	(180,164)	(11,876)
Employee Benefits Account	-	(11,876)

2009/10 Comprehensive Income and Expenditure Statement

	2009/10 Statements £000	Adjustment Made £000
Children's and Education Services	224,660	(2,150)
Environmental Services	32,999	4
Highways, Roads and Transportation	62,431	18
Leisure	9,010	16
Libraries	14,249	(6)
Planning and Development	5,848	(6)
Adult Social Care	200,868	(7)
Democratic Representation and Management	4,372	1
Corporate Management	5,218	2
Non Distributed Costs	11,295	-
Central Services to the Public	3,256	1
Single Status - Back Pay	12,701	80
Coroner	643	-
Net Cost of Services	**587,550**	**(2,047)**
Net (surplus)/deficit of Trading Undertakings	(1)	(12)
Total	**587,549**	**(2,059)**

2. Leases

Adjustments for leases have arisen due to two areas of the Code which are different from the SORP.

Under the Code, leases of property are accounted for as separate leases of land and buildings. Previously, each property lease would have been accounted for as a single lease. The change in accounting treatment can result in the land or buildings element of the lease being accounted for as an operating lease where it was previously treated as a finance lease; or as a finance lease where it was previously treated as an operating lease.

The government has issued regulations and statutory guidance in relation to accounting for leases. Under these arrangements, the annual charge to the General Fund (where the Council is the lessee) will be unchanged. Where the Council is the lessor, the regulations allow the Council to continue to treat the income from existing leases in the same way as it accounted for the income prior to the introduction of the Code.

Under the Code, some arrangements that are not formally identified as leases are required to be treated as leases. Previously, under the SORP, these would have been treated as revenue supply contracts. The change in accounting treatment can result in such arrangements being treated as finance leases with assets being brought on balance sheet and a lease liability recognised. The annual charges under the arrangement are apportioned between service charges, interest and repayment of the liability as appropriate. Under government issued regulations and statutory guidance in relation to accounting for leases, the annual charge to the General Fund will be unchanged.

A summary of the different changes made in respect of leases is as follows:

The Council has eight property leases for land where the accounting treatment has changed following the introduction of the Code. The leases had previously been classified as finance leases under the SORP, but under the Code, the leases have been classified as operating leases. As a consequence, the Council has de-recognised land with a fair value of £1.3 million as at 31 March 2009 with offsetting entries to the Capital Adjustment Account and Revaluation Reserve. As the leases are for peppercorn rents there is no corresponding finance lease liability.

The Council has one property lease as lessor which was classified as an operating lease under the SORP but, under the Code, has been classified as a finance lease. The lease is for a community centre, The Tin Hat Centre, for a 99 year term commencing in October 2002. As a consequence the building, with a fair value of £4.4 million at 31 March 2009, has been de-recognised with offsetting entries to the Capital Adjustment Account and Revaluation Reserve. As the lease is for a peppercorn rental there is no corresponding finance lease asset. The charge for depreciation in 2009/10 has been removed from Children's and Education Services with an equal transfer from the Capital Adjustment Account to the General Fund.

The Council has two property leases as lessee which were classified previously as operating leases but, under the Code, have been reclassified as finance leases. As a consequence, a building with a fair value of £0.3 million has been recognised at 31 March 2009 with a further building with a fair value of £0.9 million recognised at 31 March 2010 in respect of a lease completed in 2009/10. Finance lease liabilities have been recognised in respect of the two leases and lease payments transferred from services and apportioned between interest and capital repayment.

The above has resulted in the following changes being made to the 2009/10 financial statements:

Opening 1 April 2009 Balance Sheet

	2009/10 Statements £000	**Adjustment Made £000**
Property, plant and equipment	1,878,067	(5,464)
Short term finance lease liability	(3,643)	(10)
Long term finance lease liability	(138,806)	(22)
Capital adjustment account	765,365	(5,078)
Revaluation reserve	203,813	(418)

31 March 2010 Balance Sheet

	2009/10 Statements £000	**Adjustment Made £000**
Property, plant and equipment	1,710,630	(4,464)
Short term finance lease liability	(4,227)	(11)
Long term finance lease liability	(139,298)	(891)
Capital adjustment account	655,962	(4,868)
Revaluation reserve	153,740	(498)

2009/10 Comprehensive Income and Expenditure Statement

	2009/10 Statements £000	Adjustment Made £000
Children's and Education Services	224,660	(231)
Adult Social Care	200,868	(13)
Net Cost of Services	**425,528**	**(244)**
Interest payable	31,081	42
Other Operating Expenditure	**31,081**	**42**
(Surplus)/deficit on revaluation of property, plant and equipment assets	41,044	71
Other comprehensive income and expenditure	**41,044**	**71**

There is no change to the General Fund Balance, as the amendments to income and expenditure have been offset by transfers made in the Movement in Reserves Statement.

3. Government grants

Under the Code, grants and contributions for capital schemes are recognised as income when they become receivable. Previously, grants were held in a grants deferred account and recognised as income over the lives of the assets which they were used to fund.

As a consequence of adopting the accounting policy required by the Code, the financial statements have been amended as follows:

- The balance on the Government Grants Deferred Account at 31 March 2009 has been transferred to the Capital Adjustment Account in the opening 1 April 2009 Balance Sheet.
- Portions of government grants deferred were previously recognised as income in 2009/10; these have been removed from the Comprehensive Income and Expenditure Statement in the comparative figures.
- Grants were received in 2009/10 but not used. Previously, no income was recognised in respect of these grants, which were shown in the Grants Unapplied Account within the Liabilities section of the Balance Sheet. Following the change in accounting policy, the grants have been recognised in full, and transferred to the Capital Grants Unapplied Account within the Reserves section of the Balance Sheet.

This has resulted in the following changes being made to the 2009/10 financial statements:

Opening 1 April 2009 Balance Sheet

	2009/10 Statements £000	Adjustment Made £000
Creditors	(158,645)	23,045
Capital Grants receipts in advance	-	(4,970)
Government Grants Deferred Account	(282,120)	282,120
Grants Unapplied Account (reserves)	-	3,406
Revenue reserves	75,675	14,669
Capital Adjustment Account	765,365	282,120

31 March 2010 Balance Sheet

	2009/10 Statements £000	Adjustment Made £000
Creditors	(180,164)	30,349
Capital Grants receipts in advance	-	(1,558)
Government Grants Deferred Account	(251,259)	251,259
Grants Unapplied Account (reserves)	1,370	12,173
Revenue reserves	80,558	16,618
Capital Adjustment Account	655,962	251,259

2009/10 Comprehensive Income and Expenditure Statement

	2009/10 Statements £000	Adjustment Made £000
Children's and Education Services	224,660	70,309
Environmental Services	32,999	39
Highways, Roads and Transportation	62,431	3,217
Leisure	9,010	34
Planning and Development	5,848	48
Adult Social Care	200,868	1,875
Corporate Management	5,218	2,238
Recognised capital grants and contributions	-	(57,615)

There is no change to the General Fund Balance, as capital grant income is transferred out of the General Fund under both the previous and the current accounting policies.

4. Schools

The Code requires that the balance sheet treatment of an asset is determined based upon control of the asset which is assessed against a number of tests. This can result in some assets that were on balance sheet under the SORP moving off balance sheet and some off balance sheet under the SORP coming on balance sheet. The Council has changed the treatment of a number of schools following assessment of control which has resulted in the following treatments being adopted:

- Academy schools - off balance sheet
- Foundation schools - off balance sheet
- Voluntary aided schools - off balance sheet
- Voluntary controlled schools - on balance sheet
- Community schools - on balance sheet

As a consequence of schools moving on or off balance sheet the financial statements have been amended as follows:

- Property assets (buildings) have been recognised or de-recognised.
- Depreciation charges on the buildings which have transferred have been made or reversed.
- The change in the depreciation charge has been transferred from the General Fund to the Capital Adjustment Account, and the General Fund has been charged/credited with the Minimum Revenue Provision (with the credit being made to the Capital Adjustment Account). These transfers are reflected in the Balance Sheets as at 1 April 2009 and 31 March 2010, and the adjustments that relate to 2009/10 are reported in the Movement in Reserves Statement for the year.
- Gains and losses on disposal of reclassified property have been reversed.
- The change in the gain or loss on disposal of property has been transferred from the General Fund to the Capital Adjustment Account.
- Surpluses and deficits on the revaluation of properties moved off balance sheet have been reversed out of the Revaluation Reserve.

The net adjustments made as a result of the above are as follows:

Opening 1 April 2009 Balance Sheet

	2009/10 Statements £000	Adjustment Made £000
Property, plant and equipment	1,878,067	(155,300)
Capital Adjustment Account	765,365	(143,045)
Revaluation Reserve	203,813	(12,255)

31 March 2010 Balance Sheet

	2009/10 Statements £000	Adjustment Made £000
Property, plant and equipment	1,710,630	(170,281)
Capital adjustment account	655,962	(153,500)
Revaluation Reserve	153,740	(16,781)

2009/10 Comprehensive Income and Expenditure Statement

	2009/10 Statements £000	Adjustment Made £000
Children's and Education Services	224,660	(32,828)
Net Cost of Services	**224,660**	**(32,828)**
Loss on Disposal of non-current assets	2,097	51,275
Other Operating Expenditure	**2,097**	**51,275**
Surplus or deficit on revaluation of property, plant and equipment assets	41,044	(3,465)
Other comprehensive income and expenditure	**41,044**	**(3,465)**

There is no change to the General Fund Balance, as depreciation and losses on disposal of property, plant and equipment are transferred out of the General Fund under both the previous and the current accounting policies.

5. Other arrangements

Adjustments arising from the requirements of the Code have been made in respect of two other significant arrangements:

- Greater Nottingham Light Rapid Transport (Tram) PFI scheme
- Eastcroft Incinerator scheme

The Tram scheme was assessed under the requirements of SORP 2009 as off balance sheet whereas under the Code requirements it has been assessed as on balance sheet. Therefore, the accounts have been restated from the date on which the scheme became operational by bringing on the Council's share of the assets and related PFI lease liability. The annual unitary payments under the scheme have been split between service costs, interest and repayment of the liability. There is no impact on the General Fund as the repayment of the liability is offset by an MRP transfer to the Capital Adjustment Account in the Movement in Reserves Statement.

The Eastcroft incinerator is managed by a private sector operator for the incineration of waste from Nottingham City Council and Nottinghamshire County Council under an agreement which commenced in 1972 and which expires in 2030. The facility is held under a 99 year lease which expires in 2073, and in addition to paying a fee for disposal of waste, the Council is responsible for funding its share of any capital expenditure on the facility. Under the requirements of the Code, it has been assessed that all capital expenditure funded by the Council which had previously been treated as a revenue cost should be brought on to the Council's Balance Sheet.

The net adjustments made as a result of the above are as follows:

Opening 1 April 2009 Balance Sheet

	2009/10 Statements £000	**Adjustment Made £000**
Property, plant and equipment	1,878,067	34,370
Long term debtors	5,674	(1,033)
Short term finance lease liability	(3,643)	(595)
Long term finance lease liability	(138,806)	(31,367)
Capital Adjustment Account	765,365	1,560
Revaluation Reserve	203,813	(185)

31 March 2010 Balance Sheet

	2009/10 Statements £000	**Adjustment Made £000**
Property, plant and equipment	1,710,630	36,836
Long term debtors	6,419	(1,240)
Short term finance lease liability	(4,227)	532
Long term finance lease liability	(139,298)	(30,709)
Capital Adjustment Account	655,962	4,414
Revaluation Reserve	153,740	(185)

2009/10 Comprehensive Income and Expenditure Statement

	2009/10 Statements £000	**Adjustment Made £000**
Environmental Services	32,999	(3,490)
Highways, Roads and Transportation	62,431	(3,087)
Net Cost of Services	**95,430**	**(6,577)**
Interest payable	31,081	3,723
Other Operating Expenditure	**31,081**	**3,723**

There is no change to the General Fund Balance, as the amendments to income and expenditure have been offset by transfers made in the Movement in Reserves Statement.

2. Accounting Standards Issued but not yet Adopted

Heritage Assets will be required to be recognised in 2011/12 as a separate class of assets for the first time following the adoption of "FRS 30 Heritage Assets" in the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12. The value of Heritage Assets owned by the Council is not material to the Council's accounts.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in the Statement of Accounting Policies, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- The Council has had to make detailed assessments and judgements regarding the control exercised over schools run in a wide variety of different ways to determine whether they should be treated as on or off balance sheet. This has resulted in the following treatments:
    - Academy schools - off balance sheet
    - Foundation schools - off balance sheet
    - Voluntary aided schools - off balance sheet
    - Voluntary controlled schools - on balance sheet
    - Community schools - on balance sheet

- There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

4. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2011 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Property, Plant and Equipment
Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of an asset is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by £0.7 million for every year that useful lives had to be reduced.

Provisions
The Authority has made a provision for £12 million in respect of the settlement of claims for back pay in relation to the Single Status Agreement. This figure is calculated based upon an estimate of the impact of revised pay and grading being implemented from an effective date of 1 April 2002. The calculations are complex and relate to over 8,000 posts and are subject to appeals. Therefore the amounts paid out may differ significantly from the provision. A variation of 10% on the amount provided would have an impact of £1.2 million on the provison required.

Insurance
The Authority operates a self insurance scheme and has established a provision of £7.65 million to cover known claims and liabilities. The values provided are based upon historic experience and advice from claims advisers. However the actual values paid out are subject to agreement and possible legal action. Therefore the final payments may differ significantly from that provided. A variation of 10% on the amount provided would have an impact of £0.77 million on the provison required.

Pensions
Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.
The effects on the net pensions liability of changes in individual assumptions can be measured. However, the assumptions interact in complex ways. It is therefore not possible to provide a meaningful quantification of the possible variation in the overall liability.

5. Adjustments between Accounting Basis and Funding Basis under Regulations

The adjustments between the accounting basis and the funding basis under regulations are shown in the Movement in Reserves Statement.

6. Amounts Reported for Resource Allocation Decisions

For the year ended 31 March 2011

	Schools	Children & Young People's Services	Adult Social Care & Health Services	Transport & Highways	Other Direct Services	Total
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Fees, charges & other service income	(26,842)	(26,469)	(96,313)	(16,633)	(30,764)	**(197,021)**
Government grants	(558,024)	(56,215)	(6,675)	(7,481)	(6,195)	**(634,590)**
Total Income	**(584,866)**	**(82,684)**	**(102,988)**	**(24,114)**	**(36,959)**	**(831,611)**
Employee expenses	448,723	87,390	86,191	12,456	68,888	**703,648**
Other operating expenses	149,301	121,553	234,325	58,099	68,023	**631,301**
Depreciation, amortisation and impairment	-	27,344	1,881	12,907	3,272	**45,404**
Transactions with departmental reserves	(6,897)	(4,571)	3,224	-	747	**(7,497)**
Total operating expenses	**591,127**	**231,716**	**325,621**	**83,462**	**140,930**	**1,372,856**
Net Cost of Services	**6,261**	**149,032**	**222,633**	**59,348**	**103,971**	**541,245**

Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement

	£000
Cost of Services in Service Analysis	**541,245**
Add services not included in main analysis	-
Add amounts not reported in service management accounts	51,818
Remove amounts reported to management not included in the Comprehensive Income and Expenditure Statement	(151,495)
Net Cost of Services in Comprehensive Income and Expenditure Statement	**441,568**

Reconciliation to Subjective Analysis (Single Entity)	Service Analysis	Services not in Analysis	Not reported in service mgmt a/c's	Not included in CI&E	Allocation of Recharges	Net Cost of Services	Corporate Amounts	Other Items below Cost of Services	Total
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Fees, charges & other service income	(197,021)	-	-	-	-	**(197,021)**	-	(6,074)	**(203,095)**
Surplus or deficit on associates and joint ventures	-	-	-	-	-	**-**	-	-	**-**
Interest and investment income	-	-	-	-	-	**-**	-	(493)	**(493)**
Income from council tax	-	-	-	-	-	**-**	(307,786)	(1,047)	**(308,833)**
Government grants and contributions	(634,590)	-	(11,653)	-	-	**(646,243)**	(227,769)	(65,468)	**(939,480)**
Total Income	**(831,611)**	**0**	**(11,653)**	**0**	**0**	**(843,264)**	**(535,555)**	**(73,082)**	**(1,451,901)**
Employee expenses	703,648	-	-	(136,365)	-	**567,283**	-	33,609	**600,892**
Other service expenses	631,301	-	37,140	(28,676)	-	**639,765**	-	785	**640,550**
Depreciation, amortisation and impairment	45,404	-	(1,635)	-	-	**43,769**	-	682	**44,451**
Transactions with departmental reserves	(7,497)	-	27,701	13,546	-	**33,750**	3,428	607	**37,785**
Interest Payments	-	-	-	-	-	**-**	15,836	19,824	**35,660**
Precepts & Levies	-	-	265	-	-	**265**	-	-	**265**
Gain or Loss on Disposal of Non-current assets	-	-	-	-	-	**-**	-	4,540	**4,540**
Total operating expenses	**1,372,856**	**-**	**63,471**	**(151,495)**	**-**	**1,284,832**	**19,264**	**60,047**	**1,364,143**
Surplus or deficit on the provision of services	**541,245**	**-**	**51,818**	**(151,495)**	**-**	**441,568**	**(516,291)**	**(13,035)**	**(87,758)**

For the year ended 31 March 2010

	Schools	Children & Young People's Services	Adult Social Care & Health Services	Transport & Highways	Other Direct Services	Total
	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(26,594)	(25,961)	(72,182)	(21,024)	(40,767)	**(186,528)**
Government grants	(543,969)	(41,615)	(29,078)	(335)	(6,434)	**(621,431)**
Total Income	**(570,563)**	**(67,576)**	**(101,260)**	**(21,359)**	**(47,201)**	**(807,959)**
Employee expenses	434,602	77,743	84,978	13,190	67,642	**678,155**
Other operating expenses	121,292	111,219	210,140	57,074	79,677	**579,402**
Depreciation, amortisation and impairment	18,867	26,498	2,101	12,275	3,618	**63,359**
Transactions with departmental reserves	-	1,763	4,477	472	(469)	**6,243**
Total operating expenses	**574,761**	**217,223**	**301,696**	**83,011**	**150,468**	**1,327,159**
Net Cost of Services	**4,198**	**149,647**	**200,436**	**61,652**	**103,267**	**519,200**

Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement

	£000
Cost of Services in Service Analysis	**519,200**
Add services not included in main analysis	-
Add amounts not reported in service management accounts	160,069
Remove amounts reported to management not included in the Comprehensive Income and Expenditure Statement	(62,779)
Net Cost of Services in Comprehensive Income and Expenditure Statement	**616,490**

Reconciliation to Subjective Analysis (Single Entity)	Service Analysis	Services not in Analysis	Not reported in service mand a/c's	Not included in CI&E	Allocation of Recharges	Net Cost of Services	Corporate Amounts	Other Items below Cost of Services	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(186,528)	-	-	-	-	**(186,528)**	-	(1,874)	**(188,402)**
Surplus or deficit on associates and joint ventures	-	-	-	-	-	**0**	-	-	**-**
Interest and investment income	-	-	-	-	-	**0**	-	(1,876)	**(1,876)**
Income from council tax	-	-	-	-	-	**0**	(304,947)	(1,028)	**(305,975)**
Government grants and contributions	(621,431)	-	(17,543)	-	-	**(638,974)**	(210,376)	(76,419)	**(925,769)**
Total Income	**(807,959)**	**-**	**(17,543)**	**-**	**-**	**(825,502)**	**(515,323)**	**(81,197)**	**(1,422,022)**
Employee expenses	678,155	-	10,924	(24,782)	-	**664,297**	-	42,288	**706,585**
Other service expenses	579,402	-	38,246	(29,804)	-	**587,844**	-	3,309	**591,153**
Depreciation, amortisation and impairment	63,359	-	128,171	-	-	**191,530**	-	-	**191,530**
Transactions with departmental reserves	6,243	-		(8,193)	-	**(1,950)**	3,776	(3,789)	**(1,963)**
Interest Payments	-	-	-	-	-	**0**	13,997	20,849	**34,846**
Precepts & Levies	-	-	271	-	-	**271**	-	-	**271**
Gain or Loss on Disposal of Non-current assets	-	-	-	-	-	**0**	-	53,290	**53,290**
Total operating expenses	**1,327,159**	**-**	**177,612**	**(62,779)**	**-**	**1,441,992**	**17,773**	**115,947**	**1,575,712**
Surplus or deficit on the provision of services	**519,200**	**-**	**160,069**	**(62,779)**	**-**	**616,490**	**(497,550)**	**34,750**	**153,690**

7. Material Items of Income and Expense

Exceptional items are ones that are material in terms of the Council's overall expenditure and not expected to recur frequently or regularly. Exceptional items are included on the face of the Comprehensive Income and and Expenditure Statement where it is felt that the costs are so significant as to warrant a separate disclosure. There are two such items for 2010/11:

- Back pay costs related to service prior to 1 April 2010 as a consequence of adopting the Single Status Agreement of £11.6 million for 2010/11 (£12.8 million for 2009/10). See note 36.
- Pensions past service gain of £151.7 million (£0 in 2009/10) arising from the change in the calculation of future pensions to be in line with CPI rather than RPI. See note 17.

8. Summary Revenue Accounts of Trading Undertakings

	2009/10			2010/11		
	Turnover	Expend-iture	Surplus/ (Deficit)	Turnover	Expend-iture	Surplus/ (Deficit)
	£000	£000	£000	£000	£000	£000
Direct Services *Cleaning, catering, vehicle maintenance, building and grounds maintenance and highways maintenance to the Authority. Some work is undertaken on behalf of external clients.*	85,076	85,709	(633)	80,283	83,939	(3,656)
Legal Services *Provision of legal services to the Authority*	3,548	3,229	319	3,723	3,473	250
County Supplies *A purchasing and supply service to the Authority and some external public bodies*	6,243	6,117	126	5,839	5,835	4
Design, Publications & Print *A design and printing service to the Authority*	1,920	2,075	(155)	1,255	1,980	(725)
Clayfields Secure Unit *Specialist children's services to the Youth Justice Board and Local Authorities*	4,210	3,854	356	4,416	4,324	92
Total	100,997	100,984	13	95,516	99,551	(4,035)

Note:
1. The Contracting Services deficit is a result of the pension costs impact of IAS19, regradings under the NJE scheme, redundancy payments and backfunding of pensions.

2. Internal charges are eliminated for the purposes of preparing the Council's accounts and therefore the turnover and expenditure shown above do not match that in the Comprehensive Income and Expenditure statement.

9. Agency Work

The County Council carries out work on behalf of the Highways Agency, mainly relating to traffic signal maintenance and payment of energy charges for Area 7 of the Trunk Road network. Expenditure is fully reimbursed by the Highways Agency and the amount for 2010/11 was £363,850 (£405,000 for 2009/10).

10. Audit Fees

The Authority has been advised of the following fees payable to the Audit Commission. All fees have been included in the accounts for the period to which they relate except grant claims. The fees included for grant claims are an estimate of the cost of the certification of grant claims and returns relating to 2010/11 which will be paid to the Audit Commission in 2011/12.

	2009/10 £000	2010/11 £000
External Audit	230	220
Inspection	17	-
Grant Claims	15	6
Other Services	28	-
	290	**226**

The other services relate to objections and queries from electors.

11. Specific Revenue Grants

The value of revenue grants included as income within the cost of services is as follows:

Service	**2009/10 As re-stated £000**	**2010/11 £000**
Leisure	757	1,041
Environmental Services	501	343
Highways, Roads and Transportation	5,954	4,532
Children's and Education Services	577,366	604,548
Adult Social Care	28,119	6,675
Planning and Development	694	362
Corporate Management	7,095	17,858
General	313	-
	620,799	**635,359**
Funding Body		
Dept. for Communities and Local Govt.	37,839	18,498
Department for Children, Schools and Families	571,095	550,753
Department of Health	2,417	5,813
Department for Transport	1,314	4,507
Department for Work and Pensions	1,317	1,056
European Grants	88	40
Home Office	1,132	1,070
Milk Intervention Board	87	249
Arts Council	76	110
Department for Innovation, Universities and Skills (DIUS)	3,767	911
Sport England	568	646
Young People's Learning Agency	-	51,338
Other	1,099	368
	620,799	**635,359**

The 2009/10 figures have been restated by £1.9m as a result of the implementation of IFRS as detailed in note 1.

The Young People's Learning Agency grant was previously included within the Department for Children, Schools and Families.

12. Minimum Revenue Provision (MRP)

Regulations require local authorities to set aside money to provide for redemption of outstanding debt. This amount is offset against the level of depreciation already charged to the Authority's Comprehensive Income and Expenditure Statement to ensure that depreciation charges do not increase the net expenditure of the Authority. The MRP Policy agreed by the Authority on 24 February 2011 requires that:

- MRP for capital expenditure financed by borrowing prior to 1 April 2007 continues to be based on the previous regulatory method and the Authority continues to set aside 4% of outstanding debt.
- MRP for capital expenditure financed by borrowing after 1 April 2007 is made on the basis of equal annual instalments over the estimated lives of assets.
- For "on Balance Sheet" PFI contracts the MRP requirement is regarded as met by a charge equal to the element of the unitary charge applied to write down the liability.
- For finance leases, the MRP requirement is regarded as met by a charge equal to the element of the rent that goes to write down the liability.

The amount required under the MRP regulations for 2010/11 is £22.0 million (£21.7 million for 2009/10) of which £4.5 million (£4.2 million for 2009/10) relates to repayment of the PFI finance liablilty. The amount of depreciation and amortisation charged was £44.4 million (£43.6 million for 2009/10).

13. General Government Grants Income and Taxation

Revenue Support Grant, Area Based Grant, National Non-Domestic Rates and credits towards on Balance Sheet PFI schemes are paid to the County Council directly by the Government. The County Council set the 2010/11 Council Tax for a Band D property at £1,193.18 (£1,193.18 in 2009/10). This was suitably adjusted for other Bands of property and a precept was issued to the District Councils to recover the relevant amounts. Any variances in the amounts actually collected by the District Councils on behalf of the County Council will be adjusted in the amounts payable next year.

The figure for income from Council Tax includes accruals for the year-end position for the County Council's share of the various District Council Collection Funds. The value of the accrual in 2010/11 is £1.0 million (£1.0 million for 2009/10) which is reversed out of the General Fund in the Movement in Reserves Statement and held in the Balance Sheet in the Collection Fund Adjustment Account.

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2010/11:

	2009/10 As re-stated £000	2010/11 £000
Credited to Taxation and Non Specific Grant Income		
Communities and Local Government	1,088	759
DEFRA	1,103	526
Dept. for Children, Schools and Families	30,284	35,057
Dept. of Health	6,250	1,015
Dept. for Transport	10,628	9,086
Heritage Lottery	528	216
Sport England	2,597	3,054
Other Grants	5,048	178
	-	-
Donations	89	123
Capital Grants and Contributions	**57,615**	**50,014**

The 2009/10 figures have been restated by £57.6m as a result of the implementation of IFRS as detailed in note 1.

	2009/10	2010/11
General Government Grants		
Revenue Support Grant	31,435	22,326
PFI	15,336	19,862
Total General Government Grants	**46,771**	**42,188**

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the donor. The balances at year-end are as follows:

	2009/10 As re-stated £000	2010/11 £000
Capital Grants Receipts in Advance		
Communities and Local Government	(282)	(274)
Dept. for Children, Schools and Families	(66)	(52)
Dept. of Health	(2)	(2)
Other Grants	(1,208)	(373)
Total	**(1,558)**	**(701)**

14. Dedicated Schools Grant

The Council's expenditure on schools has been funded by grant monies provided by the Department for Children, Schools and Families, the Dedicated Schools Grant (DSG). The DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each school. For 2010/11 only, the DSG could also be deployed in support of services for making provision for pupils registered at academies with low incidence special educational needs or disabilities. Over and underspends on the two elements are required to be accounted for separately. The Council is able to supplement the Schools Budget from its own resources.

Details of the deployment of DSG receivable for 2010/11 are as follows:

Schools Budget Funded by Dedicated Schools Grant

	Central Expenditure	Individual Schools Budget	Total
	£000	**£000**	**£000**
Final DSG for 2010/11	40,460	394,980	435,440
Brought Forward 2009/10	7,013	-	7,013
Carry Forward to 2010/11 agreed in advance	-	-	-
Agreed budgeted distribution	**47,473**	**394,980**	**442,453**
Less:			
Actual central expenditure	44,571	-	44,571
Actual ISB deployed to schools	-	394,980	394,980
Local Authority Contribution	-	-	-
Carried forward to 2010/11	**2,902**	-	**2,902**

15. Employee Remuneration

The table below shows the number of staff employed by the County Council whose remuneration, taxable expenses and severance (if applicable) amounted to £50,000 or more in the financial year.

Pay Band		Number of Staff 2009/10	2010/11
£190,000	£194,999	0	1
£185,000	£189,999	0	0
£180,000	£184,999	1	1
£175,000	£179,999	0	0
£170,000	£174,999	0	0
£165,000	£169,999	0	0
£160,000	£164,999	0	1
£155,000	£159,999	0	1
£150,000	£154,999	0	2
£145,000	£149,999	0	0
£140,000	£144,999	0	1
£135,000	£139,999	1	5
£130,000	£134,999	0	2
£125,000	£129,999	1	5
£120,000	£124,999	3	1
£115,000	£119,999	2	2
£110,000	£114,999	2	5
£105,000	£109,999	1	3
£100,000	£104,999	3	6
£95,000	£99,999	5	14
£90,000	£94,999	7	12
£85,000	£89,999	15	22
£80,000	£84,999	14	24
£75,000	£79,999	15	25
£70,000	£74,999	10	34
£65,000	£69,999	29	65
£60,000	£64,999	77	113
£55,000	£59,999	136	175
£50,000	£54,999	155	159
		477	**679**

2010-11

Post Holder information (Post title and name (where applicable))	Note	Salary (including fees & allowances)	Expense Allowances	Compen-sation for Loss of Office	Employer Pension contri-butions	Total Remun-eration
		£	£	£	£	£
Chief Executive - M Burrows		184,338	68	-	32,087	216,493
Director of CYP		134,908	12	-	23,474	158,394
Director of ASCH		126,267	58	-	21,989	148,314
Director of Corp Serv		121,371	36	-	21,119	142,526
Director of Communities	1.	126,982	27	11,670	21,119	159,798
Director of the Improvement Programme	2.	64,137	-	-	11,160	75,297
Assistant Chief Executive		89,746	-	-	15,616	105,362
Service Director (Finance)		87,038	-	-	15,145	102,183
Senior Executive Officer		53,199	-	-	9,257	62,456

1. The Director of Communities left their post on 31st March 2011. This post has since been disestablished.
2. The Director of the Improvement Programme took up their post on 8th Sept 2010. Their annualised salary was £110,000.

2009-10

Post Holder information (Post title and name (where applicable))	Note	Salary (including fees & allowances)	Expense Allowances	Compen-sation for Loss of Office	Employer Pension contri-butions	Total Remun-eration
		£	£	£	£	£
Chief Executive - M Burrows		183,613	234	-	30,796	214,643
Director of CYP		134,908	263	-	22,530	157,701
Director of ASCH		125,836	-	-	21,104	146,940
Director of Corp Serv - A	1	11,114	-	-	1,856	12,970
Director of Corp Serv - B	2	102,121	125	-	17,054	119,300
Director of Communities		121,371	133	-	20,269	141,773
Assistant Chief Executive		81,744	75	-	13,651	95,470
Service Director (Finance)		91,370	-	-	15,259	106,629
Senior Executive Officer		53,199	-	-	8,884	62,083

1. The previous Director of Corporate Services left their post on 30th April 2009. Their annualised salary was £133,368.
2. The Director of Corporate Services took up their post on 29th May 2009. Their annualised salary was £121,371.

16. Pensions – Contributions

Teachers
In 2010/11 the County Council paid £32.1 million to the Teacher's Pension Agency (£32.9 million in 2009/10) in respect of teachers' pension costs, which represents 14.1% of teachers' pensionable pay (14.1% in 2009/10). In addition, the County Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2010/11 these amounted to £5.1 million (£5.1 million in 2009/10), representing 2.23% of pensionable pay (2.17% in 2009/10).

Other Employees
During 2010/11 the net cost of pensions and other benefits amounted to £46.6 million (£47.4 million in 2009/10), which represented 17.4% of pensionable pay (16.7% in 2009/10). The actuarial report upon which the 2010/11 accounts have been prepared was for a 3 year period commencing 1 April 2008. The report indicated that the cost of providing for 100% of pension funding in accordance with SSAP 24 "Accounting for Pension Costs" was 17.4% of pensionable pay. The report sets out the following pension fund contribution rates for the County Council:

2008/09	16.1% of pensionable pay
2009/10	16.7% of pensionable pay
2010/11	17.4% of pensionable pay

The County Council is responsible for all pension payments relating to discretionary added years benefits it has awarded, together with the related inflation increases. The annual costs are funded by charges to Services. In 2010/11 these amounted to £1.6 million, (£1.7 million in 2009/10) representing 0.59% of pensionable pay (0.59% in 2009/10). The County Council also paid £3.2 million into the Pension Fund in 2010/11 (£1.1 million for 2009/10) to fund the non-discretionary additional strain on the pension fund of early retirements.

The actuarial report upon which the 2011-12 accounts are to be based is for a 3 year period commencing 1 April 2011. The report indicated rates that will provide the cost for 100% of pension funding in accordance with IAS 19 "Employee Benefits". The report sets out the following pension fund contribution rates for the County Council:

2011/12	18.3% of pensionable pay
2012/13	18.3% of pensionable pay
2013/14	18.3% of pensionable pay

17. Pensions – IAS19

The IAS19 postion as at 31 March 2011 was a net liability as set out in the table below :

	2009/10 £000	2010/11 £000
Local Government Pension Scheme	986,240	506,859
Teachers Unfunded Defined Benefit Scheme	85,467	74,715
Total Net Liability	**1,071,707**	**581,574**

Assets have been valued using the market value at 31 December 2010 increased by market index returns for the last three months of the accounting period. Liabilities have been valued using the projected unit method which assesses the future liabilities of the fund discounted to their present value. This work was undertaken by Barnett Waddingham LLP, an independent firm of actuaries, based upon the estimated position at 31 March 2011 provided by the County Council during March 2011. The actual figures for 2010/11 are not considered materially different from the estimates provided.

Local Government Pension Scheme

The Authority recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Authority is required to make against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year:

	2009/10 £000	2010/11 £000
Comprehensive Income and Expenditure Statement		
Cost of Services		
- current service cost	(23,432)	(69,531)
- past service (cost) / gain	-	147,672
- Gains (losses) on curtailments	(1,057)	(3,680)
Financing and Investment Income and Expenditure		
- interest cost	(85,449)	(97,613)
- expected return on scheme assets	47,768	68,567
Net Charge to the Comprehensive Income and Expenditure Statement	**(62,170)**	**45,415**
Movement in Reserves		
- reversal of net charges made for retirement benefits in accordance with IAS19	62,170	(45,415)
Actual amount charged against the General Fund Balance for pensions in the year:		
- employers benefits payable to pensioners	48,859	51,155

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, the following actuarial gains/losses were included within other comprehensive income and expenditure.

	2009/10 £000	2010/11 £000
Actuarial gains / (losses)	(430,972)	382,143

Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

	2009/10 £000	2010/11 £000
Deficit at 1 April	**1,280,309**	**1,986,928**
Current service cost	23,432	69,531
Interest cost	85,449	97,613
Actuarial (gains) / losses	630,289	(376,795)
Gain (loss) on curtailments	1,060	6,165
Liabilities extinguished on settlements	(129)	(4,137)
Benefits paid	(48,508)	(57,428)
Contributions by scheme participants	17,334	17,246
Past service costs / (gain)	-	(147,672)
Unfunded pension payments	(2,308)	(2,259)
Deficit at 31 March	**1,986,928**	**1,589,192**

Reconciliation of fair value of the scheme assets:

	2009/10 £000	2010/11 £000
At 1 April	**737,914**	**1,000,688**
Expected return on scheme assets	47,768	68,567
Actuarial gains / (losses)	199,317	5,348
Employer contributions	49,297	51,823
Contributions by scheme participants	17,334	17,246
Benefits paid	(50,816)	(59,687)
Receipt/(Payment) of bulk transfer	(126)	(1,652)
At 31 March	**1,000,688**	**1,082,333**
Opening Net Position	**(542,395)**	**(986,240)**
Closing Net Position	**(986,240)**	**(506,859)**

The expected return on scheme assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 April 2010 for the year to 31 March 2011). The returns on gilts and other bonds are assumed to be gilts yields and corporate bond yields (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is then assumed to be a margin above gilts yields.

Scheme History

	2006/07	2007/08	2008/09	2009/10	2010/11
	£m	£m	£m	£m	£m
Present Value of liabilities	(1,263.7)	(1,449.0)	(1,280.3)	(1,986.9)	(1,589.1)
Fair value of scheme assets	883.1	879.6	737.9	1,000.7	1,082.3
Surplus/(deficit) in the scheme	(380.6)	(569.4)	(542.4)	(986.2)	(506.8)
Cumulative actuarial gain (loss)	**58.7**	**(113.2)**	**(66.6)**	**(497.6)**	**(115.5)**

IAS19 requires the Authority to determine the surplus or deficit of its Pension Fund on an annual basis. In the short-term, changes in the value of investments can lead to a significant variation to the surplus or deficit on the fund which might be expected to show a smoother trend over the longer term. Every three years the Authority reviews its contributions to the fund based upon a detailed actuarial exercise which takes account of existing liabilities and likely investment returns and sets out an approach to meeting 100% of liabilities over a period of time. This takes a longer-term view of the fund position than that required by IAS19 and is expected to be less prone to significant changes in fund value as a result of short-term fluctuations in market values. The Authority does not expect the deficit shown to make a significant impact upon reserves or revenue funding requirements in the short term. The triennial revaluation effective 1 April 2008 showed that the Authority's contributions to the fund would be increasing by 0.6% of pensionable pay in each of the next two financial years and increasing by 0.7% in the final year of the valuation.

The total contributions expected to be made to the Local Government Pensions Scheme by the Council in the year to 31 March 2012 is £43.5 million.

The actuarial assumptions used to calculate the position in accordance with IAS19 were as follows:

	31 March 2010	31 March 2011
Rate of inflation - RPI Increases	3.90%	3.50%
Rate of inflation - CPI Increases	N/A	2.70%
Rate of increase in salaries	5.40%	5.00%
Rate of increase in pensions	3.90%	2.70%
Discount rate	5.50%	5.50%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men (years)	20.3	18.5
Women (years)	23.9	22.6
Longevity at 65 for future pensioners:		
Men (years)	21.2	20.5
Women (years)	24.9	24.5
Rate of return from equities	7.40%	7.30%
Rate of return from government bonds	4.50%	4.40%
Rate of return from other bonds	5.50%	5.50%
Rate of return from property	6.90%	6.80%
Rate of return from cash/liquidity	3.00%	3.00%
Proportion of employees opting to take an increased lump sum/reduced pension	50.00%	50.00%

The estimated asset allocation of the Whole Fund is as follows:

	31 March 2010	31 March 2011
	%	%
Market Value of Assets:		
Equities	68.0	73.0
Government bonds	9.0	7.0
Other bonds	6.0	4.0
Property	15.0	12.0
Cash/Liquidity	2.0	4.0
Total Assets	**100.0**	**100.0**

The County Council publishes a Pension Fund Annual Report which is available upon request. A copy is available on the pension fund website (www.nottspf.org.uk).

History of experience of gains and losses

The actuarial gains identified as movements on the Pensions Reserve in 2010/11 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2011:

	2006/07	2007/08	2008/09	2009/10	2010/11
	%	%	%	%	%
Experience adjustments on scheme assets	2.1	(9.5)	(30.3)	19.9	0.5
Experience adjustments on scheme liabilities	-	(2.5)	-	-	2.1

<u>Teachers</u>

Under IAS19 the Teachers added years scheme is classed as an unfunded defined benefit scheme. The Authority recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Authority is required to make against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement.
The following transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year:

	2009/10 £000	2010/11 £000
Comprehensive Income and Expenditure Statement		
Cost of Services		
- past service (cost) / gain	(880)	4,058
- Gains (losses) on curtailments	-	-
Financing and Investment Income and Expenditure		
- interest cost	(4,607)	(4,563)
Net Charge to the Comprehensive Income and Expenditure Statement	**(5,487)**	**(505)**
Movement in Reserves		
- reversal of net charges made for retirement benefits in accordance with IAS19	5,487	505
Actual amount charged against the General Fund Balance for pensions in the year:		
- employers benefits payable to pensioners	5,069	5,093

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, the following actuarial gains/losses were included within other comprehensive income and expenditure.

	2009/10 £000	2010/11 £000
Actuarial gains / (losses)	(13,831)	6,164

Liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

	2009/10 £000	2010/11 £000
Deficit at 1 April	**71,247**	**85,467**
Interest cost	4,607	4,563
Actuarial (gains) / losses	13,831	(6,164)
Gain (loss) on curtailments	-	-
Past service costs / (gain)	880	(4,058)
Unfunded pension payments	(5,098)	(5,093)
Deficit at 31 March	**85,467**	**74,715**

Scheme History

	2006/07	2007/08	2008/09	2009/10	2010/11
	£m	£m	£m	£m	£m
Present value of liabilities	(67.0)	(76.6)	(71.2)	(85.5)	(74.7)
Fair value of scheme assets	-	-	-	-	-
Surplus/(deficit) in the scheme	**(67.0)**	**(76.6)**	**(71.2)**	**(85.5)**	**(74.7)**

The actuarial assumptions used to calculate the position in accordance with IAS19 were as follows:

	31 March 2010	31 March 2011
Rate of inflation - RPI Increases	3.90%	3.50%
Rate of inflation - CPI Increases	N/A	2.70%
Rate of increase in salaries	5.40%	5.00%
Rate of increase in pensions	3.90%	2.70%
Discount rate	5.50%	5.50%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men (years)	20.3	18.5
Women (years)	23.9	22.6
Longevity at 65 for future pensioners:		
Men (years)	21.2	20.5
Women (years)	24.9	24.5

18. PROPERTY, PLANT AND EQUIPMENT

Movements in 2010/11

	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets included in Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
At 1 April 2010	1,008,359	112,197	515,493	35	37,541	25,801	1,699,426	246,346
Additions	36,406	15,335	30,257	-	782	15,567	98,347	(1,344)
Donations	-	123	-	-	-	-	123	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(5,213)	-	-	-	246	-	(4,967)	(8,638)
Revaluation increases/(decreases) recognised in the surplus/deficit on Provision of Services	(36,282)	-	-	-	(1,502)	(387)	(38,171)	(21,647)
Derecognition - disposals	(8,076)	(367)	-	-	(1,202)	-	(9,645)	-
Derecognition - other	(82)	(1,227)	-	-	(1)	-	(1,310)	-
Assets reclassified (to)/from Held for Sales/Investment Property	(4,428)	-	-	-	(3,379)	-	(7,807)	-
Assets reclassified to/(from) Surplus, Land and Buildings, Infrastructure, Assets Under Construction	1,552	-	1,002	-	5,941	(8,495)	-	-
Other Movements in cost or valuation	-	-	-	-	-	-	-	-
At 31 March 2011	**992,236**	**126,061**	**546,752**	**35**	**38,426**	**32,486**	**1,735,996**	**214,717**
Accumulated Depreciation and Impairment								
At 1 April 2010	(9,979)	(40,537)	(100,888)	(2)	(72)	-	(151,478)	(8,334)
Depreciation charge	(19,454)	(11,162)	(13,153)	-	(122)	-	(43,891)	(4,301)
Depreciation written out to the Revaluation Reserve	2,308	-	-	-	-	-	2,308	-
Depreciation written out to the Surplus/Deficit on Provision of Services	5,827	-	-	-	78	-	5,905	4,538
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	(85)	-	-	-	-	(85)	-
Derecognition - disposals	113	169	-	-	65	-	347	-
Derecognition - other	82	1,229	-	-	1	-	1,312	-
Change in category	70	-	-	-	(70)	-	-	-
Other movements in depreciation and impairment	-	-	-	-	-	-	-	-
c/fwd at 31 March 2011	**(21,033)**	**(50,386)**	**(114,041)**	**(2)**	**(120)**	**-**	**(185,582)**	**(8,097)**
Net Book Value								
At 31 March 2011	**971,203**	**75,675**	**432,711**	**33**	**38,306**	**32,486**	**1,550,414**	**206,620**
At 31 March 2010	**998,380**	**71,660**	**414,605**	**33**	**37,469**	**25,801**	**1,547,948**	**238,012**

Movements in 2009/10

	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets included in Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
At 1 April 2009	1,215,135	98,257	486,063	35	36,440	19,340	1,855,270	241,365
Additions	29,583	15,721	32,908	-	2,836	15,637	96,685	4,981
Donations	-	89	-	-	-	-	89	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(52,108)	-	(926)	-	807	-	(52,227)	-
Revaluation increases/(decreases) recognised in the surplus/deficit on Provision of Services	(132,801)	-	-	-	(6,949)	(2,486)	(142,236)	-
Derecognition - disposals	(54,603)	(1,870)	(2,930)	-	-	-	(59,403)	-
Derecognition - other	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale/ Investment Property	2,937	-	-	-	(135)	-	2,802	-
Assets reclassified to/(from) Surplus, Land and Buildings, Infrastructure, Assets Under Construction	216	-	1,932	-	4,542	(6,690)	-	-
Other Movements in cost or valuation	-	-	(1,554)	-	-		(1,554)	-
At 31 March 2010	**1,008,359**	**112,197**	**515,493**	**35**	**37,541**	**25,801**	**1,699,426**	**246,346**
Accumulated Depreciation and Impairment								
At 1 April 2009	(12,256)	(32,611)	(88,592)	(2)	-	-	(133,461)	(4,096)
Depreciation charge	(20,690)	(9,660)	(12,677)	-	(89)	-	(43,116)	(4,238)
Depreciation written out to the Revaluation Reserve	8,589	-	-	-	-	-	8,589	-
Depreciation written out to the Surplus/Deficit on Provision of Services	12,517	-	381	-	17	-	12,915	-
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Derecognition - disposals	1,861	1,734	-	-	-	-	3,595	-
Derecognition - other	-	-	-	-	-	-	-	-
Other movements in depreciation and impairment	-	-	-	-	-	-	-	-
c/fwd at 31 March 2010	**(9,979)**	**(40,537)**	**(100,888)**	**(2)**	**(72)**	**-**	**(151,478)**	**(8,334)**
Net Book Value								
At 31 March 2010	**998,380**	**71,660**	**414,605**	**33**	**37,469**	**25,801**	**1,547,948**	**238,012**
At 31 March 2009	**1,202,879**	**65,646**	**397,471**	**33**	**36,440**	**19,340**	**1,721,809**	**237,269**

19. Capital Expenditure and Financing

	Note	2009/10 £000 re-stated	2010/11 £000
Opening Capital Financing Requirement (CFR)		661,232	684,123
Capital Investment			
Property, Plant and Equipment		88,672	99,960
Investment Properties	23	141	3
Intangible Assets	24	16	5,671
Amounts treated as revenue expenditure in accordance with the Code but which are classified as capital expenditure under statute	44	25,849	15,931
Additions/Reductions to PFI finance liability		5,600	(1,615)
Sources of finance			
Capital receipts	38	(2,520)	(4,913)
Less capital receipts brought forward		-	-
Government grants and other contributions		(66,302)	(71,570)
Sums set aside from revenue (inc. MRP)		(24,317)	(22,260)
Repayment of PFI finance liability		(4,248)	(4,500)
		684,123	**700,830**
Explanation of movements in year			
Increase in underlying need to borrow (supported by Government financial assistance)		18,338	14,756
Increase in underlying need to borrow (unsupported by Government financial assistance)		4,553	1,951
		22,891	**16,707**

The estimated commitments for capital expenditure in future years for schemes that had started and for which a legal contract had been entered into by 31 March 2011 are:-

	£000
2011/12	23,170
2012/13	1,727
2013/14	500
2014/15	500
2015/16	500
	26,397

20. Valuation of Property, Plant and Equipment

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations have been carried out internally. Valuations of land and buildings have been carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Vehicles, plant and equipment are carried at depreciated historic cost as a proxy for fair value where useful lives are of short duration and values are immaterial.

Land and Buildings	Included at Open Market Value in existing use, or, where this cannot be assessed because there is no market for the subject asset, the Depreciated Replacement Cost.
Fixed Plant and Machinery	Included in the valuation of the buildings.
Furniture & Fittings	Included at depreciated historic cost, plus the depreciated value of items as at 31 March 2004 which are still in operational use.
Vehicles, Plant and Equipment	Included at depreciated historic cost as a proxy for fair value.
Equipment	Included at depreciated historic cost.
Assets under construction	Included at cost.

Community Assets	Included at depreciated historic cost.
Infrastructure Assets	Included at depreciated historic cost.

Valuation of Property, Plant and Equipment carried at current value

The following statement shows the progress of the Council's rolling programme for the revaluation of property, plant and equipment. The basis for valuation is set out in the Statement of Accounting Policies.

	Other Land & Bldgs	Surplus Assets	Other PPE Assets	Total
	£000	£000	£000	£000
Valued at historic cost	-	-	540,905	540,905
Valued at current value in				
2010/11	217,734	333		218,067
2009/10	444,793	6,456		451,249
2008/09	308,676	31,517		340,193
Total	**971,203**	**38,306**	**540,905**	**1,550,414**

Other Land & Buildings includes Community Assets.

Impact of the current economic climate

Due to the current economic climate a general review of valuations has been undertaken in addition to the five-year rolling programme of revaluations of property, plant and equipment. The result of this general review was that there are no further revaluation losses. All decreases in value are treated as revaluation losses.

21. Non-Maintained Schools

As identified in Note 1, the Council has reassessed the accounting treatment of all schools based upon the requirements of IFRS. This has led to Academy, Foundation and Voluntary Aided schools being treated as off balance sheet and therefore the land and buildings relating to these schools have not been included in the Council's accounts. The value of land and buildings transferred to schools, at the date at which they were transferred is as follows:

	2009/10		Movement		2010/11	
	No.	£000 re-stated	No.	£000	No.	£000
Academy schools	2	3,905	1	3,273	3	7,178
Foundation schools	12	167,107	-	-	12	167,107
Voluntary Aided schools	9	19,959	-	-	9	19,959
	23	**190,971**	**1**	**3,273**	**24**	**194,244**

Transfers to schools are treated as disposals with nil sales proceeds.

22. Assets Held for Sale

	Current		Non-Current	
	2009/10	2010/11	2009/10	2010/11
	£000	£000	£000	£000
Balance outstanding at start of year	**848**	**155**	**-**	**-**
Assets newly qualified as held for sale:				
Property, Plant & Equipment	155	7,728	-	-
Intangible Assets	-		-	-
Other assets/liabilities in disposal groups	-		-	-
Revaluation losses	-	(1,512)	-	-
Revaluation gains	-	82	-	-
Impairment losses	-	-	-	-
Assets declassified as held for sale				
Property, Plant & Equipment	-	-	-	-
Intangible Assets	-	-	-	-
Other assets/liabilities in disposal groups	-	-	-	-
Assets sold	(848)	(155)	-	-
Transfers from non-current to current	-	-	-	-
Other movements	-	-	-	-
Balance outstanding at year end	**155**	**6,298**	**-**	**-**

There are no non-current assets held for sale.

23. Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

	2009/10	2010/11
	£000	£000
Rental income from investment property	(484)	(562)
Direct operating expenses arising from investment property	134	70
Net (income)/expenditure	**(350)**	**(492)**

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or to undertake repairs, maintenance or enhancement.
The following table summarises the movement in the fair value of investment properties over the year.

	2009/10	2010/11
	£000	£000
Balance at start of year	**28,382**	**24,972**
Additions:		
Purchases	-	-
Construction	-	-
Subsequent expenditure	141	3
Disposals	(14)	-
Net gains/(losses) from fair value adjustments	(580)	257
Transfers:		
(to)/from Inventories	-	-
(to)/from Surplus	(20)	78
(to)/from Property, Plant and Equipment	(2,937)	-
Balance at end of year	**24,972**	**25,310**

24. Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.
All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The useful lives assigned to the major software suites used by the Authority are from 3-5 years.

Intangible assets are held at depreciated historic cost as a proxy for fair value where useful lives are low and/or values are immaterial.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £472,000 charged to revenue in 2010/11 was charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on Intangible Asset balances during the year is as follows:

	2009/10 Purchased Software Licences £000	**2010/11 Purchased Software Licences £000**
Balance at start of year:		
Gross carrying amounts	3,546	3,562
Accumulated amortisation	(2,112)	(2,619)
Net carrying amount at start of year	**1,434**	**943**
Purchases	16	5,671
Disposals	-	-
Amortisation for the period	(507)	(472)
Net carrying amount at end of year	**943**	**6,142**
Comprising:		
Gross carrying amounts	3,562	9,233
Accumulated amortisation	(2,619)	(3,091)
	943	**6,142**

25. Financial Instruments Balance

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of Financial Instruments:

	Long-term		Current	
	31/3/10	31/3/11	31/3/10	31/3/11
	£000	£000	£000	£000
Financial liabilities at amortised cost	445,959	423,637	108,576	116,446
Financial liabilities at fair value through profit and loss	-	-	-	-
Total borrowings	**445,959**	**423,637**	**108,576**	**116,446**
Loans and receivables	2,729	2,883	118,426	61,638
Available-for-sale financial assets	-	-	-	-
Unquoted equity investment at cost	-	-	-	-
Total investments	**2,729**	**2,883**	**118,426**	**61,638**

The County Council does not hold any financial liabilities at fair value through profit and loss or available-for-sale financial assets.

The County Council's borrowings include finance leases associated with PFI schemes and borrowings with the Public Works Loans Board (PWLB) and with UK and European banks through 'Lender's Option, Borrower's Option' loans (LOBOs). These are both classed as 'other liabilities' and measured at amortised cost.

Financial liabilties at amortised cost

Long-term

	2009/10	2010/11
	£000	£000
(a) Long Term Borrowing Amounts still owed on loans received from external sources to acquire capital assets such as roads, buildings & equipment.		
Long term borrowing for repayment after 1 year	275,062	258,745
(b) Finance Lease Liability Amounts still owed on finance leases taken with external sources to acquire capital assets for PFI Schemes.		
Long term finance leases for repayment after 1 year	170,897	164,892
Total Long Term Borrowing at 31 March	**445,959**	**423,637**

Current

	2009/10	2010/11
	£000	£000
(c) Borrowing		
Long term borrowing for repayment within 1 year	11,962	11,713
Finance leases related to PFI schemes for repayment within 1 year	4,896	4,787
Total Borrowing at 31 March	**16,858**	**16,500**

	2009/10	2010/11
	£000	£000
(d) Trade Creditors	91,718	99,946

Financial Assets - Loans & Receivables

Long-term

	2009/10 £000	2010/11 £000
Nottingham Rugby Club	-	19
King Edward VI Trustees	94	95
Car Loans	598	594
Nottinghamshire Cricket Club	1,055	1,069
Adult Care Property Debt - Deferred Payment Scheme	973	1,097
Private Street Works	9	9
	2,729	**2,883**

	2009/10 £000	2010/11 £000
Car Loans Breakdown:		
One year or less	44	132
More than one year	554	462
	598	**594**

On 19 September 2007 Cabinet approved a loan of £1.23 million for 20 years to Nottinghamshire Cricket Club to help fund the £8.2 million development plans for the Trent Bridge ground. In addition to enhancing the reputation of the Cricket Club and helping it to retain Trent Bridge as a test match venue there are benefits to the economy and wider community benefits. Consequently, the loan was offered at a discounted rate with a capital repayment holiday for the first 5 years. Security has been set by way of a charge against the fixed assets of the Club to safeguard the interests of the County Council. Since the loan was offered at less than the prevailing rate the figure in the Balance Sheet represents the fair value of the loan carried at its amortised cost. The balancing figure appears in the Financial Instruments Adjustment Account.

On 4 February 2009 Cabinet approved a loan of £94,931 for 2 years to the King Edward VI Trustees as a consequence of the County Council no longer requiring the use of a building owned by the Trustees following the operation of the Bassetlaw PFI Scheme. The loan was taken up on 30 July 2009, and is to enable time for the Trustees to dispose of the redundant building.

On 21 May Nottinghamshire County Council and Nottingham City Council jointly lent Nottingham Rugby Club £50,000 repayable over 4 years to fund working capital needs. Interest is payable on the loan at the annual rate of 1% over the PWLB rate.

Adult Care Property Debt under the deferred payment scheme (as per section 55 of the Health and Social Care Act, 2001) consists of loans to those with insufficient income and capital, excluding their property, to meet their care home fees. Repayment of such loans is deferred until the residents die or their property is sold.

Current

Temporary investments

	2009/10 £000	2010/11 £000
Temporary investments with other local authorities and financial institutions	74,356	20,038

The County Council manages its cash in line with its approved treasury management policy and in accordance with prevailing statutory requirements. The amount invested at the year end depends on the cash flow position at that date.

Short-term Trade Debtors

	2009/10 £000	2010/11 £000
Trade Debtors (less bad debt provision)	44,070	41,600

Financial Assets - unquoted equity investment at cost

Economic Development: There are equity holdings amounting to £ 0.24 million (£0.26 million in 2009/10) that have been written off to the Comprehensive Income and Expenditure Account to reflect the high risk of the investment. Consequently, their fair value has been assessed as nil in the Balance Sheet.

The County Council holds a share in the local authority controlled CLASP Consortium (14%) and SCAPE System Building Ltd (17%). The CLASP Consortium was originally set up by a number of local authorities in 1957/58 for the design and delivery of a build system known as CLASP especially for school buildings but its role now is the provision of buildings design services for local authorities. Some members of the consortium are share holders in SCAPE a limited company set up in 2006/07 to continue with the provision of build design and property consultancy services. The CLASP Consortium no longer undertake any economic activities with the creation of SCAPE. The County Council is a founder member of the consortium and holds shares in SCAPE Ltd. The Council does not receive any dividends from its holdings. The value of this holding is small and there are conditions on the shares that prevent them being traded on the open market. Consequently, since the fair value cannot be measured reliably, no value is carried on the Balance Sheet.

Interests in Companies

The County Council has a 50% interest in Nottingham and Nottinghamshire Futures Limited (formerly Connexions Nottinghamshire Limited). The Company transferred into local authority control from the Learning and Skills Council at 1 April 2008 at no cost and consequently, this is reflected at an immaterial investment cost in the County Council's accounts. In accordance with the Code this Company is shown as an associate in the Group Accounts.

26. Financial Instruments Gains/Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Account in relation to financial instruments are made up as follows:

	2009/10			2010/11		
	Financial Liabilities	As re-stated Financial Assets	Total	Financial Liabilities	Financial Assets	Total
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Interest expense	(34,846)	-	(34,846)	(35,660)	-	(35,660)
Losses on derecognition	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-
Interest payable and similar charges	**(34,846)**	**-**	**(34,846)**	**(35,660)**	**-**	**(35,660)**
Interest income	-	2,106	2,106	-	493	493
Gains on derecognition	-	-	-	-	-	-
Interest and investment income	**-**	**2,106**	**2,106**	**-**	**493**	**493**

The average cost of external borrowing was 5.78% (5.95% in 2009/10).

The interest expense figure includes the cost of administration fees. For most of the transactions entered into by the County Council the transaction costs are negligible. For example, the PWLB charges an administration fee when advancing new loans at the current rate of 35p per £1,000 and LOBO loans taken out through brokers have incurred fees of £24,000 on borrowings of £10 million. Administration fees below 0.5% of the amount borrowed are considered not material and are charged direct to the Comprehensive Income and Expenditure Account.

Following comprehensive local government re-organisation in 1974, the County Council took over assets from other local authorities on which there were repayments of advances still outstanding. These debts are administered by the other authorities and the amounts recharged to the County Council are included in the above figures.

The balance outstanding on these deferred liabilities is as follows:

	2009/10 £000	2010/11 £000
Loan taken over from District Councils when the responsibility for services was transferred to the County Council on local government reorganisation in 1974.	2,729	2,322

27. Fair Value of Assets and Liabilities carried at amortised cost

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- no early repayment or impairment is recognised;
- where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value;
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

For long term borrowings and investments, fair values have been calculated by reference to relevant interest rates in force as at 31 March 2010 and 2011 as follows:

- for PWLB loans, the relevant PWLB rate in force;
- for LOBO loans, the PWLB rate applicable to new loans in excess of 50 years;
- for long term investments, the market rate for a loan of similar value and profile;
- for finance leases, the PWLB rate for an annuity commencing on 31 March of equal length to the remaining scheduled length;
- for loans and receivables, the PWLB rate for an annuity commencing on 31 March of length equal to the remaining scheduled length of the relevant instrument, plus 1% to recognise risk on loans and receivables.

	2009/10		2010/11	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Financial liabilities	554,535	690,444	540,083	663,633

The fair value is greater than the carrying amount because the Authority's portfolio of loans and finance leases includes a number of fixed rate loans and leases where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date. This commitment to pay interest above current market rates increases the amount that the Authority would have to pay if the lender agreed to early repayment of the loans.

	2009/10		2010/11	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Loans and receivables	121,155	121,164	64,521	64,500

The fair value is different from the carrying amount because the Authority's portfolio of investments included a number of fixed rate loans where the interest rate receivable was different from the rates available for similar loans at the Balance Sheet date. Where the agreed interest is above current market rates, the Authority would have to accept higher repayment if it negotiated early repayment of the loans; where the interest rate is lower then a lower repayment.

28. Disclosure of nature and extent of risks arising from financial instruments

The Authority's activities expose it to a variety of financial risks:

- credit risk – the risk of failure by a counterparty to meet its contractual obligations under an investment, borrowing, capital, project or partnership financing;

- liquidity risk – the risk that cash will not be available when it is needed, thereby causing additional unbudgeted costs with consequent impact on the Authority's business/service objectives;

- market risk – the risk that, through adverse market fluctuations in the value of the principal sums the Authority borrows and invests, its stated treasury management policies are compromised.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. In 2002, the County Council adopted the CIPFA Code of Practice on Treasury Management. In accordance with this Code of Practice, the County Council sets an annual treasury management strategy, in March each year. That contains a number of measures to control the key financial instrument risks above including:

- treasury management practices;
- prudential indicators for borrowing and investment;
- approved counterparties for lending purposes.

The Council also receives an annual report measuring the performance of the treasury management function each autumn. A copy of the Council's treasury management policy and strategy is available upon request.

Credit Risk

The following analysis summarises the Authority's potential maximum exposure to credit risk, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions.

	Amounts at 31/03/11	Historical experience of default	Historical experience adjusted for market conditions at 31/03/11	Estimated maximum exposure to default and uncollecta-bility
	£000	%	%	£000
Deposits with banks and financial institutions	33,392	-	-	-
Customers	29,240	0.09%	0.09%	27

No credit limits were exceeded during the reporting period and the Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits.

Customers are assessed, taking into account their financial position, past experience and other factors. The Council's policy is to set aside a provision for bad debt in order to minimise the effect of default. At the end of 2010/11 the provision for bad and doubtful debt was £3.4 million (£2.4 million in 2009/10).

The Authority does not generally allow credit for customers, such that £13.6 million (£8.4 million in 2009/10) of the £29.2 million (£20.8 million in 2009/10) balance is past its due date for payment. The past due amount can be analysed by age as follows:

	£'000
Less than three months	8,739
Three to six months	1,347
Six months to one year	1,601
More than one year	1,890
	13,577

Liquidity risk

As the Authority has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that a significant proportion of borrowings will mature at a time of unfavourable interest rates. Current borrowings are spread over 70 years with a maximum of any one year's maturity around 11% of the total. However, since the Authority's future borrowing requirement is fairly sizeable in relation to current debt, the prudential indicator for debt maturity has been set with an upper limit of 25% in any one year. The strategy for new loans is to borrow each year close to the lowest rate available and, where economic circumstances make it favourable, early repayment of fixed rate loans will be considered.

In addition, the Authority has a number of finance lease liabilities that relate to PFI and other schemes.

The maturity analysis of financial liabilities is as follows:

	2009/10 £000	**%**	**2010/11 £000**	**%**
Maturity date				
Within 1 year	16,858	4	16,500	4
1 year and up to 2 years	12,874	3	11,965	3
2 years and up to 5 years	43,252	9	41,333	9
5 years and up to 10 years	71,985	16	71,036	16
10 years and up to 15 years	93,566	20	98,995	22
15 years and up to 20 years	80,935	17	71,772	16
20 years and up to 25 years	45,474	10	37,663	9
25 years and over	97,873	21	90,873	21
	462,817	**100**	**440,137**	**100**

	2009/10 £000	**2010/11 £000**
Source of Borrowing		
Public Works Loan Board	185,678	179,262
External Bonds and Loans	101,346	91,196
Finance Leases related to PFI and other schemes	175,793	169,679
	462,817	**440,137**

All trade and other payables are due to be paid in less than one year.

Market risk

Interest rate risk

The Authority is exposed to risk in terms of interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority. For instance, a rise in interest rates would have the following effects:

- borrowings at fixed rates – the fair value of the borrowings will fall;
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Account will rise;
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest receivable on variable rate investments will be posted to the Comprehensive Income and Expenditure Statement and affect the Fund Balance £ for £. Movements in the fair value of fixed rate investments will be reflected in the other comprehensive income and expenditure.

The Authority has a number of strategies for managing interest rate risk. The policy for borrowing rates is to achieve a managed decline in the average rate and borrow each year close to the lowest rate available. During periods of falling interest rates, and where economic circumstances make it favourable, early repayment of fixed rate loans will be considered to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Authority's cost of borrowing and provide compensation for a proportion of any higher costs. The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget. The strategy is used to advise investment and borrowing decisions and also whether new borrowing taken out is fixed or variable. This allows any adverse changes to be accommodated.

The Authority has no variable rate borrowings and minimal variable rate investments. A 1% change in interest rates would therefore have no material impact on the Comprehensive Income and Expenditure account. If interest rates had been 1% higher at 31 March 2011, with all other variables held constant, the fair value of fixed rate borrowings would be lower but with no impact on the Comprehensive Income and Expenditure Statement.

Price risk

The Authority does not hold any equity shares that can be measured and consequently is not exposed to losses from movements in the prices of shares.

Foreign exchange risk

The Authority has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to movements in exchange rates.

29. Inventories

	Raw Materials		Work In Progress		Finished Goods		Total	
	2010	2011	2010	2011	2010	2011	2010	2011
	£000	£000	£000	£000	£000	£000	£000	£000
Opening	1,889	1,964	2,277	986	929	757	5,095	3,707
Purchases	6,960	8,131	189	187	6,400	6,145	13,549	14,463
Expensed	(6,882)	(7,897)	(1,480)	(299)	(6,572)	(6,192)	(14,934)	(14,388)
Written off	(3)	(375)	-	-	-	(7)	(3)	(382)
Reversals	-	-	-	-	-	-	-	-
Closing	1,964	1,823	986	874	757	703	3,707	3,400

30. Debtors and Long Term Debtors

Debtors less than one year	**31/3/10** **£000**	**31/3/11** **£000**
Central government bodies	29,971	16,453
Other local authorities	11,646	10,702
NHS bodies	6,485	10,031
Public corporations and trading funds	-	-
Other entities and individuals	26,968	27,920
Less Bad Debt Provision	(2,358)	(3,400)
Total	**72,712**	**61,706**

Long Term Debtors	**31/3/10** **£000**	**31/3/11** **£000**
Adult Care Property Debt	1,278	1,976
Tram PFI	3,843	3,977
Other	58	56
Total	**5,179**	**6,009**

Analysis of Bad Debt Provision	**2010** **£000**	**2011** **£000**
Opening Bad Debt provision	2,051	2,358
Amounts paid	(708)	(1,973)
Amounts written off	(304)	(554)
Provisions adjustment	1,319	3,569
Closing Bad Debt Provision	**2,358**	**3,400**

31. Creditors

	31/3/10 £000	31/3/11 £000
Central government bodies	70,220	53,348
Other local authorities	8,898	8,831
NHS bodies	1,675	971
Public corporations and trading funds	114	89
Other entities and individuals	80,786	91,083
Total	**161,693**	**154,322**

32. Cash and Cash Equivalents

The Authority monitors cash balances on a daily basis to make maximum use of the funds available and invests any surplus cash identified. The bank account overdraft at 31 March will consist of an overdraft with the Authority's main bank, and school deposits either with the Authority's main bank or held with other banks. Up until 31 March 2010 the Authority made use of the Pension Fund Cash under regulation 3(4) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 [the Investment Regulations] in support of its capital expenditure which had not yet been financed by external borrowing. The Authority paid interest to the Pension Funds for this use at the Local Authority 7-day notice rate, as allowed by regulation 16 of the Investment Regulations. From 1 April 2010 such use of Pension Funds cash was no longer permitted.

The analysis of cash and cash equivalents is as follows:

	2009/10 £000	2009/10 £000	2010/11 £000	2010/11 £000
Amounts held in call accounts and money market funds		50,335		-
Main overdraft		(74,286)		(65,840)
Amounts owed to Pension Funds		(85,885)		-
School bank accounts:				
Main County Council accounts	61,702		38,025	
Other bank accounts	25,126	86,828	18,821	56,846
		(23,008)		**(8,994)**

33. Landfill Allowances Trading Scheme

Since 2005/06 the Authority has received an annual landfill tonnage allowance which is the maximum amount of waste which should be disposed of by landfill. This target reduces each year. From 2010 any landfill in excess of the cumulative targets will require the Authority to pay a penalty to the Government of £150 per tonne. For 2010/11 this allowance was 161,389 tonnes (181,603 in 2009/10) of which 108,848 (123,318 in 2009/10) were utilised. The Authority is allowed to trade its allowances with other Authorities. The market value of these for 2010/11 was £0.00 per tonne (£0.00 in 2009/10). There were no entries made to the Comprehensive Income and Expenditure Statement in either year, nor any balances outstanding at the end of either year.

34. Leases

Authority as Lessee

Finance Leases

The Council leases two properties under leases classed as finance leases, one of which is used for office accommodation, the other for a highways depot.

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31/3/10 £000	31/3/11 £000
Other Land and Buildings	259	253
Assets Under Construction	880	880
Vehicles, Plant, Furniture and Equipment	-	-
	1,139	**1,133**

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31/3/10 £000	31/3/11 £000
Finance lease liabilities (net present value of minimum lease payments):		
- current	11	11
- non-current	890	879
Finance costs payable in future years	4,125	4,083
Minimum lease payments	**5,026**	**4,973**

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31/3/10 £000	31/3/11 £000	31/3/10 £000	31/3/11 £000
Not later than one year	52	52	11	11
Later than one year and not later than five years	193	181	12	1
Later than five years	4,781	4,740	878	878
	5,026	**4,973**	**901**	**890**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2010/11 £0 contingent rents were payable by the Authority (£0 in 2009/10).

Operating Leases
The Council leases a wide variety of properties for use in the provision of services including libraries, offices, industrial units and youth centres.

The future minimum lease payments due under non-cancellable leases in future years are:

	31/3/10 £000	31/3/11 £000
Not later than one year	1,422	1,117
Later than one year and not later than five years	2,381	1,694
Later than five years	1,531	1,441
	5,334	**4,252**

The expenditure charged in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2009/10 £000	2010/11 £000
Minimum lease payments	5,334	4,252
Contingent rents	460	445
(Sublease payments receivable)	-	-
	5,794	**4,697**

Authority as Lessor

Finance Leases
The Council leases out one property for use as a Community Centre at a peppercorn rental. The property is valued at £0 (£0 in 2009/10) and there are no balances in the accounts in relation to the lease.

Operating Leases
The Authority leases out property and equipment under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres;
- for economic development purposes to provide suitable affordable accommodation for local businesses.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31/3/10 £000	31/3/11 £000
Not later than one year	619	514
Later than one year and not later than five years	1,133	792
Later than five years	2,008	1,833
	3,760	**3,139**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2010/11 £0.4 million contingent rents were receivable by the Authority (2009/10 £0.4 million).

35. Private Finance Initiative (PFI)

East Leake Schools

The Council has a contract with East Leake Schools Limited for the provision of secondary and primary schools and a community leisure facility in East Leake. Service commenced during 2003/04 and the contract finishes on 31 July 2027 when the buildings transfer back to the County Council.
The County Council retained the freehold of the land which is valued and included in the Balance Sheet as other land and buildings.

The assets used to provide the schools services are recognised on the Council's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement in Property, Plant and Equipment balance.

The Authority makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2011 including an estimate of inflation at 2.5% but excluding any performance or availability deductions, are as follows:

	Service £000	Lifecycle £000	Finance £000	Interest £000	Contingent £000	Total £000
Payable within 1 year	530	187	346	1,183	229	2,475
Within 2-5 years	2,174	954	1,578	4,380	1,067	10,153
Within 6-10 years	2,842	1,223	3,104	4,365	1,738	13,272
Within 11-15 years	2,987	1,550	4,741	2,520	2,151	13,949
Within 16-20 years	823	177	1,911	212	719	3,842
	9,356	**4,091**	**11,680**	**12,660**	**5,904**	**43,691**

Bassetlaw Schools

The Council has a contract with Transform Schools (Bassetlaw) Ltd for the provision of five secondary schools, two post-16 centres, one special school and two community leisure centres. These became fully operational during 2007/08 and the contract finishes on 31 July 2032 when the buildings transfer back to the County Council.

An agreement has been entered into between Nottinghamshire County Council and Bassetlaw District Council with regards to the two leisure facilities which form part of the PFI Scheme. A lease has been granted to Bassetlaw District Council for a term of 60 years secured on both the leisure facilities. Consequently these facilities are not included as assets on the County Council's Balance Sheet.

The County Council retained the freehold of the land which is valued and included in the Balance Sheet as a property.

The assets used to provide the schools services are recognised on the Council's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement in Property, Plant and Equipment balance.

The Authority makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2011 including an estimate of inflation at 2.5% but excluding any performance or availability deductions, are as follows:

	Service £000	Lifecycle £000	Finance £000	Interest £000	Contingent £000	Total £000
Payable within 1 year	4,977	572	2,142	10,149	300	18,140
Within 2-5 years	21,432	2,721	10,407	38,368	1,438	74,366
Within 6-10 years	30,400	6,996	16,663	41,850	1,453	97,362
Within 11-15 years	35,064	9,080	25,209	32,251	1,249	102,853
Within 16-20 years	40,487	14,127	36,779	18,223	(549)	109,067
Within 21-25 years	12,320	2,934	14,723	1,592	608	32,177
	144,680	**36,430**	**105,923**	**142,433**	**4,499**	**433,965**

Waste Recycling
The Authority has received Government support for a Nottinghamshire Waste PFI scheme which involves the commissioning of Materials Recycling Facilities and an Energy Recovery Facility. A PFI credit of £38.3 million has been allocated. The contract was signed on 26 June 2006 with Veolia Environmental Services and the contract ends on 31 March 2033 when the assets transfer to the County Council. The first main new facility, the Materials Recycling Facility (MRF), became operational in January 2009. The MRF site is subject to a 50 year rental agreement with the County Council, which is then recharged to Veolia Environmental Services at the same rates.

The County Council retained the freehold of the land which is valued and included in the Balance Sheet as a property.

The assets used to provide the services are recognised on the Council's Balance Sheet.
Movements in their value over the year are detailed in the analysis of the movement in Property, Plant and Equipment balance.

The Authority makes an agreed payment per tonne of waste which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2011 including an estimate of inflation at 2.5% but excluding any performance or availability deductions, are as follows:

	Service £000	Lifecycle £000	Finance £000	Interest £000	Contingent £000	Total £000
Payable within 1 year	15,763	-	1,559	2,510	978	20,810
Within 2-5 years	67,548	4,480	2,459	12,946	4,878	92,311
Within 6-10 years	93,839	8,509	2,437	16,786	9,036	130,607
Within 11-15 years	105,381	7,191	4,770	15,325	13,523	146,190
Within 16-20 years	119,231	1,387	13,385	10,331	21,068	165,402
Within 21-25 years	51,969	-	8,236	1,544	10,346	72,095
	453,731	**21,567**	**32,846**	**59,442**	**59,829**	**627,415**

On 26 June 2006 the County Council signed an additional PFI contract with Veolia Environmental Services (VES), which ends on 31 March 2033, for the construction and operation of the Rufford Energy Recovery Facility (ERF). In addition to other factors, this contract is conditional upon VES obtaining satisfactory planning permission and obtaining a satisfactory environmental permit to operate the facility. Planning permission has been denied and therefore this contract will not be proceeding. The Council is now investigating alternative sustainable waste management solutions.

Boiler installation and maintenance
The Authority signed a £3.2 million Private Finance Initiative (PFI) contract for the supply and maintenance of school boilers. The value of individual items is included in the revaluation of buildings. £2.3 million was financed through a 10 year lease which ended in March 2010, with annual rentals of £0.4 million in 2009/10.

Greater Nottingham Light Rapid Transport (Tram)

The County and City Councils are 20% and 80% partners in the contract for the provision of a tram service ("NET 1") by the Arrow Consortium. The service became operational in 2004. A PFI credit of £174.2 million has been approved and the revenue costs are expected to be funded in the early years by the the additional Government Grant received. Any surplus in the early years will be transferred to reserves to to meet any excess costs in later years. As stated in Note 1 the scheme has been assessed as on balance sheet under the Code and the accounts have been restated to reflect this.

The details of payments due under the PFI agreement are as follows:

	Finance £000	Interest £000	Contingent £000	Total £000
Payable within 1 year	728	3,255	509	4,492
Within 2-5 years	3,770	12,163	2,952	18,885
Within 6-10 years	7,444	12,471	5,896	25,811
Within 11-15 years	11,498	7,597	7,971	27,066
Within 16-20 years	7,269	2,070	4,132	13,471
	30,709	**37,556**	**21,460**	**89,725**

The Council has agreed in principle with the City Council a withdrawal from the NET 1 agreement. This is subject to the City Council achieving financial close on the second phase of the tram system ("NET 2"). The Council anticipates that the balance in the Net 1 PFI reserve will be sufficient to cover all costs relating to the withdrawal.

36. Single Status Provision and Reserve

Single Status arises from a national agreement between the employers and the trade unions which requires all local authorities to harmonise the conditions of employment of Local Government Services employees. These conditions were previously agreed by two separate negotiating bodies and there were significant differences between the two sets of conditions. Implementation of the Council's proposals on the final stage of harmonisation of a new pay and grading structure began in April 2008. This process began with non-school based staff and was rolled out across the Authority in 2008/09. As part of the package being implemented any upgradings had an effective date of 1 April 2002.

Significant Single Status costs were incurred in 2010/11 relating to prior years. This has been shown as an exceptional item on the face of the Comprehensive Income and Expenditure Statement of £11.6 million (£12.7 million 2009/10). As at 31 March 2011 a total of £30.1 million had been paid out as a consequence of back dating upgradings to 1 April 2002. The total number of employees included in the first phase of the Single Status programme was over 28,000 (including former employees) and as at 31 March 2011 these payments had been completed.

The next phase of the programme is to review non-teaching posts in schools and it is expected that this will be fully implemented by 31 March 2012. The total number of posts included in this category is over 8,000. The Council has undertaken some of the calculations in respect of the payments for this second phase and has established a provision of £12.0 million in respect of the estimated costs. However it is possible that the amount actually payable may be different from this value, as identified in the note on contingent liabilities. A reserve of £2.1 million has been established to fund potential additional future costs.

Since 2002/03 the County Council has been setting aside resources to fund Single Status costs. The accumulated balance has been analysed between:

- The estimated settlement costs of outstanding Single Status payments to employees, which forms the Single Status Provision;
- The sum held to cover potential future costs, which is shown as an earmarked reserve.

The balance on the Single Status Provision is as follows:

	2009/10 £000	2010/11 £000
Balance Brought Forward	-	-
Additional Contributions	-	12,000
Payments made during the year	-	-
Balance Carried Forward	**-**	**12,000**

The balance on the Single Status (Pay Review) Reserve is as follows:

	2009/10 £000	2010/11 £000
Balance brought forward	12,396	5,027
Transfers from the reserve	(12,137)	(7,702)
Transfers to the reserve	4,768	4,734
Balance carried forward	**5,027**	**2,059**

37. General Provisions

Where events have happened which are likely to result in costs to the Authority, an estimate of the likely impact is made and a provision is set aside. The provisions made are set out below:

Short Term Provisions	**31/3/10** **£000**	**Movement** **£000**	**31/3/11** **£000**
General Insurance Claims prior to 1/4/98	86	(15)	71
General Insurance Claims from 1/4/98	1,032	(338)	694
Single Status Back Pay Provision	-	12,000	12,000
Redundancy provision	-	2,472	2,472
Provisions below £200,000	144	(55)	89
Total	**1,262**	**14,064**	**15,326**

Long Term Provisions	**31/3/10** **£000**	**Movement** **£000**	**31/3/11** **£000**
General Insurance Claims prior to 1/4/98	927	(293)	634
General Insurance Claims from 1/4/98	9,132	(2,883)	6,249
Total	**10,059**	**(3,176)**	**6,883**

38. Capital Receipts and Grants Unapplied

The Capital Receipts Reserve holds the usable part of the capital receipts from the sale of assets. The County Council has approved the use of capital receipts for the financing of capital expenditure.

	2009/10 **£000**	**2010/11** **£000**
Balance at 1 April	-	-
Receivable	(2,520)	(4,913)
Applied	2,520	4,913
Balance at 31 March	-	-

The Capital Grants Unapplied Reserve holds grants receivable from Government and other contributions that have not been applied for the financing of capital expenditure.

	2009/10 **£000**	**2010/11** **£000**
Balance at 1 April	**3,406**	**13,542**
Capital grants credited to the CI&E	57,614	50,014
Application of grants to capital financing transferred to the CAA	(48,848)	(60,038)
Transfer from other reserve	1,370	-
Balance at 31 March	**13,542**	**3,518**

39 Other Operating Expenditure

Other operating expenditure includes the following amounts:

	2009/10 **£000**	**2010/11** **£000**
Change in fair value of assets held for sale	-	1,430
Other operating income and expenditure	3,309	785
Gains/losses on the disposal of non-current assets	53,290	4,540
Total	**56,599**	**6,755**

40. Financing and Investment Income and Expenditure

Financing and investment income and expenditure includes the following amounts:

	2009/10 £000	2010/11 £000
Interest payable and similar charges	34,846	35,660
Pensions interest cost and expected return on pensions assets	42,288	33,609
Interest receivable and similar income	(2,106)	(493)
Income and expenditure in relation to investment properties and changes in their fair value	230	(748)
Net (surplus)/deficit of trading undertakings	(13)	4,035
Insurance revenue	(1,874)	(6,074)
Other investment income	-	-
Total	**73,371**	**65,989**

41. Movement on Earmarked Reserves

	2008-09 £000	Transfers Out £000	Transfers In £000	2009-10 £000	Transfers Out £000	Transfers In £000	2010-11 £000
General Fund Balance	24,837	-	2	24,839	-	3,285	28,124
Schools Statutory Reserves	42,223	(4,199)	-	38,024	(6,260)	-	31,764
General Insurance Reserve	12,692	-	1,874	14,566	-	6,073	20,639
Trading Services	1,413	(410)	1,357	2,360	(705)	1,230	2,885
Earmarked for Services	33,030	(7,510)	12,215	37,735	(24,022)	16,723	30,436
Earmarked Reserves	1,461	(1,461)	1,571	1,571	(1,571)	39	39
Capital Projects Reserve	3,252	(1,855)	73	1,470	-	2,824	4,294
Leasing Alternatives Reserve	1,040	(1,210)	170	-	-	-	-
East Leake PFI Schools	2,413	-	195	2,608	-	168	2,776
Bassetlaw PFI Schools	6,181	(1,876)	-	4,305	(1,546)	0	2,759
Waste PFI Reserve	15,344	-	2,794	18,138	-	4,598	22,736
Tram (NET Line 1)	3,632	-	250	3,882	-	134	4,016
Net Phase 2 Reserve	1,496	-	421	1,917	(147)	-	1,770
Earmarked from Contingency	787	(787)	-	-	-	-	-
Pay Review Reserve	12,396	(12,137)	4,768	5,027	(7,702)	4,734	2,059
Invest to Save	2,000	(2,000)	-	-	-	-	-
Area Based Grant	3,609	(3,609)	-	-	-	-	-
The Improvement Programme	-	-	3,885	3,885	-	4,671	8,556
Corporate Redundancy Res	-	-	3,119	3,119	-	-	3,119
Performance Reward Grant	-	-	8,448	8,448	(7,386)	-	1,062
Lifecycle Maintenance	2,289	(572)	994	2,711	-	994	3,705
Total Revenue Reserves	90,343	(33,427)	40,260	97,176	(43,079)	36,115	90,212
Total Reserves	170,095	(37,626)	42,136	174,605	(49,339)	45,473	170,739

General Fund Balance comprises reserves available for use by the Council as a contingency.

Schools Statutory Reserve - See note 43

General Insurance Reserve - See note 42

Trading Services reserves comprise accumulated revenue surpluses plus or minus any transfer between those reserves and the General Fund.

Earmarked for Services are amounts set aside to cover expected events where the accounting criteria for the creation of provisions are not met.

Earmarked Reserves carry forward unspent budget earmarked for use in the following financial year. They are approved to be spent in the following financial year.

Capital Projects Reserve comprises contributions from revenue towards future capital schemes.

Bassetlaw, East Leake, Net PFI (Tram) and Waste PFI Reserves are surplus funding amounts set aside

during the early years of the PFI contracts. These contributions from central Government and the County Council will be required in later years to finance the unitary charge.

NET Phase 2 Reserve was originally established to fund the anticipated development costs for phase 2 of the Tram Network. See Contingent Liabilities (Note 54).

Earmarked from Contingency are amounts set aside to cover allocations from the previous financial year contingency where expenditure has yet to be incurred.

Pay Review Reserve has been set aside for the implementation of the County Council's review of pay structures. Pay increases arising from the review will be backdated.

Improvement Programme has been established towards funding the Improvement Programme as approved in the Budget Report to County Council on 25 February 2010.

Corporate Redundancy Reserve was created in 2009/10 to help meet redundancy costs in excess of the amount already held in contingency for future years.

Performance Reward Grant: in 2009/10 the Authority accrued for part of this grant which was agreed to be shared with our LAA partners and be available to fund services covered by the LAA. Subsequently the Government reduced the grant and this reduction is reflected in the 2010/11 accounts.

Lifecycle Maintenance Reserve was established to spread the cost of maintaining new buildings. A contribution is made annually to the reserve in the earlier years which will be gradually offset by increasing maintenance costs as the new buildings become older.

42. Insurance Reserve and Account

The Authority operates a self-insurance scheme and covers each kind of risk up to set limits which are reviewed annually. External insurers cover risks in excess of the internally insured amounts. The major areas where significant risks are covered externally are Fire, Liability and Motor. The insurance provision covers known liabilities. Amounts are also set aside in the Insurance Reserve to cover possible insurance claims losses that are not yet known about.

The total of the Insurance Provision and Reserve as at 31 March 1998 has been ring-fenced for liabilities arising up to that date. The balance and the liabilities are being shared by the County and City Councils in the proportion of 23.55 % City and 76.45% County.

The amount set aside in the Insurance Provision is detailed in Note 37. The Insurance Reserve is shown below:

Insurance Reserve	**2009/10 £000**	**2010/11 £000**
Ring-fenced at 31 March 1998	411	650
Since 1 April 1998	14,155	19,989
	14,566	**20,639**

Insurance Account	**2009/10 £000**	**2010/11 £000**
Premiums paid	3,222	3,090
Claims made	2,706	4,108
Contribution (from)/to Provision **	1,717	(3,624)
	7,645	3,574
Less charges to Departments *	(9,672)	(9,886)
	(2,027)	(6,312)
Miscellaneous charges	198	321
Total Expenditure	**(1,829)**	**(5,991)**
External Premiums	(31)	(27)
Interest on Old Fund	(64)	(94)
Recoveries	50	38
Total Income	**(45)**	**(83)**
Net (surplus)/deficit	**(1,874)**	**(6,074)**

* Classed as expenditure to avoid double counting in the net cost of services.

** Change in provision due to re-appraisal of levels required.

43. Schools Statutory Reserve

Surplus and deficit balances relating to schools must be carried forward from one financial year to the next in accordance with the requirements of Section 48 of the School Standards and Framework Act 1998. The Schools Statutory Reserve is committed to be spent on schools and is not available to the Authority for general use.

During 2010/11 the overall reserve has decreased by £6.3 million to £31.8 million. Within the total reserve school accumulated balances decreased by £1.0 million to £22.3 million; a further £7.0 million relates to unspent standards fund, £2.7 million of which must be spent by the end of August 2011. The remaining balance of £4.3 million is to fund capital schemes. There is an additional £1.0 million (Individual Schools Budget) balance which has been carried forward to fund capital costs in future years. The reserve also includes £2.9 million relating to the non-ISB element of the Schools Budget.

Part of the reserve is used to finance a school loan scheme, whereby schools are advanced funding for major capital items and then repay this over a three year period.

	31/03/10 £000	Movement in year £000	31/03/11 £000
School Balances			
Standards Fund balances held by schools	7,740	(721)	7,019
Other balances held by schools	23,278	(967)	22,311
Total School Balances (held by Governors)	**31,018**	**(1,688)**	**29,330**
Additional school budget balances to carry forward	1,000	-	1,000
	32,018	**(1,688)**	**30,330**
Non ISB Balances	**6,855**	**(3,953)**	**2,902**
Borrowing Against the Reserve			
School Loan Scheme	(849)	(619)	(1,468)
Total Borrowing Against Reserve	**(849)**	**(619)**	**(1,468)**
School Statutory Reserve Total	**38,024**	**(6,260)**	**31,764**

44. Unusable Reserves

	31/03/10 £000	31/03/11 £000
Revaluation Reserve	133,494	126,887
Capital Adjustment Account	756,403	760,446
Financial Instruments Adjustment Account	(175)	(161)
IAS 19 Pensions Reserve	(1,071,707)	(581,574)
Collection Fund Adjustment Account	3,582	4,629
Employee Benefits Account	(11,876)	(12,543)
Total Unusable Reserves	**(190,279)**	**297,684**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation, or disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2009/10	2010/11
	£000	£000
Balance at 1 April	**189,393**	**133,494**
Upward revaluation of assets	-	
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(43,638)	(2,659)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	145,755	130,835
Difference between fair value depreciation and historic cost depreciation	(2,847)	(2,774)
Accumulated gains on assets sold or scrapped	(9,414)	(1,174)
Amount written off to the Capital Adjustment Account	(12,261)	(3,948)
Balance at 31 March	**133,494**	**126,887**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historic cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. The Movement in Reserves Statement provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2009/10 £000	2010/11 £000
Balance at 1 April	**901,848**	**756,403**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	(172,436)	(43,891)
Revaluation losses on Property, Plant and Equipment	-	(32,350)
Amortisation of intangible assets	(507)	(472)
Revenue expenditure funded from capital under statute	(25,849)	(15,931)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(53,289)	(4,540)
	(252,081)	(97,184)
Adjusting amounts written out of the Revaluation Reserve	12,261	3,948
Net written out amount of the cost of non-current assets consumed in the year.	(239,820)	(93,236)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	66,390	
Application of grants to capital financing from the Capital Grants Unapplied Account	-	71,692
Statutory provision for the financing of capital investment charged against the General Fund	21,734	21,995
Capital expenditure charged against the General Fund	6,831	4,765
	94,955	98,452
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(580)	257
Movement in the fair value of non current assets held for sale credited to the Comprehensive Income and Expenditure Statement	-	(1,430)
Balance at 31 March	**756,403**	**760,446**

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments.

	2009/10 £000	2010/11 £000
Balance at 1 April	**(189)**	**(175)**
Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	-	-
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(14)	(14)
Amount by which finance costs charged to the Comprehensive Income and Expnditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	14	14
Balance at 31 March	**(175)**	**(161)**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid

	2009/10	2010/11
	£000	£000
Balance at 1 April	**(613,642)**	**(1,071,707)**
Actuarial gains or losses on pensions assets and liabilities	(444,803)	388,307
Other Gains and losses	467	668
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provisions of Services in the Comprehensive Income and Expenditure Statement	(67,657)	44,910
Employer's pensions contributions and direct payments to pensioners payable in the year	53,928	56,248
Balance at 31 March	**(1,071,707)**	**(581,574)**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2009/10	2010/11
	£000	£000
Balance at 1 April	**2,553**	**3,582**
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	1,029	1,047
Balance at 31 March	**3,582**	**4,629**

Employee Benefits Account

The Employee Benefits Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2009/10	2010/11
	£000	£000
Balance at 1 April	**(13,935)**	**(11,876)**
Settlement or cancellation of accrual made at the end of the preceding year	13,935	11,876
Amounts accrued at the end of the current year	(11,876)	(12,543)
Amount by which the officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	2,059	(667)
Balance at 31 March	**(11,876)**	**(12,543)**

45. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	2009/10	2010/11
	£000	£000
Interest received	4,956	542
Interest paid	34,516	35,859
Dividends received	-	

46. Cash Flow Statement - Investing Activities

	2009/10 £000	2010/11 £000
Purchase of property, plant and equipment, investment property and intangible assets	87,335	105,779
Purchase of short and long-term investments	-	-
Other payments for investing activities	415	196
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,218)	(4,914)
Capital Grants and contributions received	(45,865)	(51,606)
Proceeds from short-term and long-term investments	(36,685)	(54,318)
Other receipts from investing activities	(439)	(110)
Net cash flows from investing activities	**2,543**	**(4,973)**

47. Cash Flow Statement - Financing Activities

	2009/10 £000	2010/11 £000
Cash receipts of short and long-term borrowing	(40,000)	-
Other receipts from financing activities	-	-
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	4,248	4,499
Repayments of short and long-term borrowing	5,195	16,973
Other payments for financing activities	-	-
Net cash flows from financing activities	**(30,557)**	**21,472**

48. Termination Benefits

The Authority terminated the contracts of a number of employees in 2010/11, incurring costs of £20.2 million (£1.1 million in 2009/10). Of this total, £11,670 is payable to the Director of Communities, in the form of compensation for loss of office, as disclosed in note 15. The £20.2 million includes a contribution to the redundancy provision of £2.5 million (see note 37). The increase in payments forms part of the restructuring proposals agreed by the Authority.

49. Information on Assets

	Number of Buildings Re-stated* 31/3/10	31/3/11
Nursery & Primary Schools*	290	288
Secondary Schools*	40	39
Special Schools & Pupil Referral Units	14	14
Libraries	60	60
Family & Children's Centres	19	24
Youth & Community Centres	38	38
Residential Homes For The Elderly & Disabled	18	18
Day Centres & Clubs For Elderly & Disabled	30	29
Children's Residential Homes	8	8
Staff & Other Houses	146	160
Other, including Factories, Depots & Offices	198	187
	861	**865**

* Note that this figure excludes Academy, Foundation and Voluntary Aided schools which are not on the Council's Balance Sheet

The Council owns approximately 4,429 hectares of land, of which some 549 hectares are used as smallholdings. It also has over 4,326 kilometres of roads. For insurance purposes, the reinstatement value of the Council's buildings is £3,141 million.

50. Members' Allowances

The Authority makes payments to Councillors for work undertaken in the course of their duties. The cost during the financial year was £1,464,551 (£1,468,138 in 2009/10). In addition to this, Members were reimbursed a total of £65,224 (£110,187 in 2009/10) for expenses incurred on Council business.

51. Related Parties

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

Central Government
Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (eg council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 6 on reporting for resources allocation decisions.

Members
Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2010/11 is shown in Note 50. During 2010/11, there were no works and services commissioned from companies in which Members had an interest (2009/10 £94, 1 organisation, 1 Member). Any contracts would have been entered into in full compliance with the Council's standing orders. Grants totalling £5,335,119 were paid to 22 organisations in which 28 Members had positions on the governing body (2009/10 £6,424,120 to 24 organisations, 25 Members). No grants were made to organisations whose senior management included close members of the families of members. In all instances, the grants were made with proper consideration of declarations of interest. The relevant Members did not take part in any discussion or decision relating to the grants. Details of all these transactions are recorded in the Register of Members' Interests which is open to public inspection and is also available via the Council's website at:
http://www.nottinghamshire.gov.uk/registerofmembersinterests.pdf.

Officers
In accordance with section 117 of the Local Government Act 1972, chief officers must declare their interest in any organisations which have received grant payments. During 2010/11, no grants were paid to any organisations in which chief officers had an interest (2009/10 £6,302,528, 1 organisation, 1 chief officer).

Other Public Bodies [subject to common control by central government]

The Authority has a pooled budgets arrangement with Integrated Community Equipment Service (ICES). Transactions and balances outstanding are detailed in Note 53.

The Authority has a material financial interest in Nottingham and Nottinghamshire Futures. Details can be found in the group accounts on page 86.

The Authority is the administering Authority for the Local Government Pension Scheme (LGPS). Details of the Accounts of the Pension scheme can be found on page 93.

Entities Controlled or Significantly Influenced by the Authority

The Authority has significant influence in the following organisations :

CLASP - See note 25
SCAPE - See note 25
East Midlands Broadband - a Company limited by guarantee for the procurement and management of an ISP network for Education & Schools in the East Midlands. The Authority withdrew from this venture on 31 March 2011.

These organisations are deemed to be influenced significantly by the Authority through its representation on the board or ownership of shares. However, there are no material transactions with these organisations.

52. Trust Funds

The Council acts as trustee for a number of separate trust funds, most of which are relatively small amounts. For example, many of the Children's Trust Funds relate to legacies left by individuals for the benefit of specified schools. The balances show the cash balances held by the Authority which are summarised below:

Department/Service	Balance at 31/03/10 £000	Income £000	Expend-iture £000	Investment Movement £000	Balance at 31/03/11 £000
Children and Young People	114	6	(17)	6	143
Adult Social Care & Health	96	-	(173)	90	359
Community Services	48	5	-	-	53
Nottinghamshire Charitable Grants Fund	75	-	-	-	75
	333	**11**	**(190)**	**96**	**630**

In addition to cash balances held, the Authority has invested surplus funds, principally in gilt-edged securities, and the values are set out below:

	Value of Investments £000 31/03/10	Movement £000	Value of Investments £000 31/03/11
Children and Young People	27	(6)	21
Adult Social Care & Health	91	(90)	1
Community Services	50	-	50
Nottinghamshire Charitable Grants Fund	12	-	12
	180	**(96)**	**84**

53. Pooled Budgets

Under Section 31 of the Health Act 1999, Nottinghamshire County Council has entered into the following Pooled Budget Arrangements with the partners set out below. The County Council is the Host Authority for one of the pooled budgets and has responsibility for its financial management. The details are set out below:

Integrated Community Equipment Service (ICES) - North County	Integrated Community Equipment Service (ICES) - South County
Nottinghamshire County Council (Host)	Nottinghamshire County Council
Nottinghamshire County PCT	Nottingham City Council (Host)
Bassetlaw PCT	Nottingham City PCT
	Nottinghamshire County PCT

Integrated Community Equipment Service (ICES) – North County
The partnership is established to provide an integrated service providing equipment and minor adaptations for home nursing and daily living needs in line with Department of Health Guidance. The funding of the partnership, which commenced in February 2006, is set out in the following statement :

Pooled Budgets Memo Account North County	2009/10 £000	2010/11 £000
Funding		
Balance brought forward	**196**	**170**
Nottinghamshire County Council ASCH	870	841
Nottinghamshire County Council CYP	131	124
Bassetlaw PCT	375	356
Nottinghamshire County Teaching PCT	1,113	1,055
Project Provision and one-off costs	-	18
	2,489	**2,394**
British Red Cross Compensation funding	-	(106)
Project Provision and one-off costs	-	(47)
	0	**(153)**
Total Funding	**2,685**	**2,411**

Expenditure	2009/10 £000	2010/11 £000
Partnership Management & Administration costs	68	66
Project Provision and one-off costs	58	18
Contract Management Fee	57	59
Specialist Equipment - Aiming High	31	-
Equipment	2,047	2,007
Minor Adaptations	254	244
	2,515	**2,394**
Project Provision Carried forward	170	17
Total Expenditure	**2,685**	**2,411**

Integrated Community Equipment Service (ICES) – South County
The partnership is established to provide health and social care equipment for children and adults who require assistance to perform essential activities in their daily living. The County Council contributed £0.9 million in 2010/11 (£0.9 million in 2009/10) to the partnership.

The two Integrated Community Equipment Service Partnerships for both North and South came to an end on 31 March 2011. A new Combined Service, incorporating both North and South commenced on 1 April 2011. The term of the contract is 3 years with an option to extend. Nottinghamshire County Council will be the Host Authority for the combined contract.

54. Contingent Liabilities

- In 1992, Municipal Mutual Insurance (MMI) ceased to trade and now exists solely to discharge its responsibilities under policies that it had previously issued. These responsibilities relate mainly to legal liability claims, which will take many years to materialise and finalise. In the event of MMI's insolvency during this period, local authority policyholders have agreed to enter into a 'scheme of arrangement' under which there are claw-back provisions on claims payments made by MMI after the implementation of the scheme. The potential maximum liability if the scheme is triggered is £2.4 million although MMI may also cease to deal fully with any new liability claims. The most recent report of MMI's Creditor Committee casts some doubt on the previous prediction of a solvent run off. For this reason the insurance reserve now contains an amount of £0.6 million in respect of potential claw-back, this figure being taken from an external review of the provision and reserve.

- The Authority has set aside a reserve in the accounts for the implementation of the Single Status Agreement from 1 April 2002. Harmonisation of a new pay and grading structure began in April 2008. The process began with non-school based staff and was rolled out across the Authority in 2008/09. However, there remains a potential low liability in relation to individuals pursuing equal pay claims. The roll-out of Single Status to non-teaching posts in schools commenced in June 2011 and a provision for estimated costs has been established. However, it is possible that actual costs may exceed this estimate.

- A significant compensation claim has been received in respect of a Compulsory Purchase Order in relation to land acquired for the A612 Gedling Integrated Transport Scheme. It is expected that negotiations with the claimant will take place during 2011. Legal advice has been sought and relevant internal briefings scheduled.

- The Authority is committed to withdraw from NET Line 2 and a negotiated settlement is being pursued to achieve that withdrawal. Until any settlement is concluded there is an ongoing liability on the Authority to meet its obligations under the City/County Joint Agreement and there may be some residual liabilities arising out of any inability to reach agreement regarding the withdrawal, best estimates for which can be met from PFI reserves.

55. Post Balance Sheet Events

There are no material events to report since the accounts were prepared which are not reported in the accounts.

56. Income from bodies under the Local Authority (Goods and Services) Act 1970

The County Council is empowered by this Act to provide goods and services to other public bodies. The Authority provided the following:

	2009/10		2010/11	
	£000	£000	£000	£000
	Exp	Income	Exp	Income
Administration and Professional Services				
NHS Trusts	26,619	26,619	43,149	43,149
Other Authorities	6,660	6,659	6,949	6,955
Schools and Colleges	221	225	262	262
Maintenance works				
NHS Trusts	13	12	-	-
Other Authorities	763	805	1,004	1,049
Schools and Colleges	75	78	66	74
	34,351	**34,398**	**51,430**	**51,489**

57. Section 137 of the Local Government Act 1972

Local authorities are empowered by Section 137 of the Local Government Act 1972, as amended, to make contributions to certain charitable funds, not for profit bodies providing a public service and mayoral appeals. During 2010/11 these powers were not used.

58. Publicity Work

Local authorities are required to disclose their expenditure on publicity. The definition of publicity includes a number of routine items of expenditure. The County Council's expenditure is summarised below:

	2009/10	2010/11
	£000	£000
Advertising for staff	1,571	1,002
Other advertising, including education courses	746	350
Public Relations - salaries and running costs	799	1,243
Other publicity expenditure	614	202
Strategic Services (Publications Group)	272	235
	4,002	**3,032**
As a percentage of gross expenditure	0.28%	0.25%

GROUP FINANCIAL STATEMENTS AND NOTES

Introduction

The Code requires that where a local authority has material financial interests and a significant level of control over one or more organisations, it should prepare Group Financial Statements. The aim of these statements is to give an overall picture of the Council's financial activities and the resources employed in carrying out those activities.

The Council has reviewed the relationships it has with its partner organisations to determine the scope of the Local Authority group. There is one organisation, Nottingham and Nottinghamshire Futures Limited (formerly Connexions Nottinghamshire), that the Council considers falls within the legal definitions of the group accounts and which would have a material effect on the Accounts because this organisation is an associate of the Council, which owns half of the company.

The Company was founded in 2001 but did not pass into the ownership of Nottinghamshire County Council and Nottingham City Council, from the Learning & Skills Council, until 1 April 2008. Consequently, the Company has been consolidated into the Group Accounts on the basis of merger accounting.

Group Financial Statements

The following statements have been prepared:

- Group Movement in Reserves Statement - this statement shows the movement in the year on the different reserves held by the group, split into usable and unusable reserves
- Group Comprehensive Income and Expenditure Statement - this statement shows the expenditure and income for the group analysed by service and how it was financed. This analysis reflects the requirements of the Best Value Accounting Code of Practice for Local Authorities.
- Group Balance Sheet - this statement incorporates the Council's Balance Sheet with those of the group.
- Group Cash flow Statement - this statement consolidates the cash flows for the group.

Group Accounting Policies

There are no significant differences from the group accounting policies to those of Nottinghamshire County Council.

Group Movement in Reserves Statement

As Per IFRS 2010/11	General Fund	Schools Statutory Reserve	Insurance Reserve	Capital Receipts and Grants Unapplied Reserve	Other Earmarked Reserves	**Total Usable Reserves**	**Total Unusable Reserves**	**Total Reserves**	Authority's share of reserves of subsidiaries, Associates and joint ventures	**Total Reserves**
Balance as at 1 April 2010	**24,839**	**38,024**	**14,566**	**13,542**	**97,176**	**188,147**	**(190,279)**	**(2,132)**	**(1,780)**	**(3,912)**
Movement in Reserves During 2010-11										
Surplus/(Deficit) on the provision of services	87,758	-	-	-	-	**87,758**	**-**	**87,758**	(529)	**87,229**
Other Comprehensive Income and Expenditure	(3)	1	-	1	-	**(1)**	**386,316**	**386,315**	447	**386,762**
Total Comprehensive Income and Expenditure	**87,755**	**1**	**-**	**1**	**-**	**87,757**	**386,316**	**474,073**	**(82)**	**473,991**
Adjustments between Group Accounts and Authority Accounts	-	-	-	-	-	**-**	**-**	**-**	-	**-**
Net Increase/Decrease before transfers	**87,755**	**1**	**-**	**1**	**-**	**87,757**	**386,316**	**474,073**	**(82)**	**473,991**
Adjustments between accounting basis and funding basis under regulations	(91,622)	-	-	(10,025)	-	**(101,647)**	**101,647**	**-**	-	**-**
Net Increase/Decrease before transfers to Earmarked Reserves	**(3,867)**	**1**	**-**	**(10,024)**	**-**	**(13,890)**	**487,963**	**474,073**	**(82)**	**473,991**
Transfers to/from Earmarked Reserves	7,152	(6,261)	6,073	-	(6,964)	**-**	**-**	**-**	-	**-**
Balance at 1 April 2011	**28,124**	**31,764**	**20,639**	**3,518**	**90,212**	**174,257**	**297,684**	**471,941**	**(1,862)**	**470,079**

As Per IFRS 2009/10	General Fund	Schools Statutory Reserve	Insurance Reserve	Capital Receipts and Grants Unapplied Reserve	Other Earmarked Reserves	**Total Usable Reserves**	**Total Unusable Reserves**	**Total Reserves**	Authority's share of reserves of subsidiaries, Associates and joint ventures	**Total Reserves**
Balance as at 1 April 2009	**24,837**	**42,223**	**12,692**	**3,406**	**90,343**	**173,501**	**466,028**	**639,529**	**(390)**	**639,139**
Movement in Reserves During 2009-10										
Surplus/(Deficit) on the provision of services	(153,690)	-	-	-	-	**(153,690)**	**-**	**(153,690)**	(89)	**(153,779)**
Other Comprehensive Income and Expenditure	3	-	1	(2)	-	**2**	**(487,973)**	**(487,971)**	(1,301)	**(489,272)**
Total Comprehensive Income and Expenditure	**(153,687)**	**-**	**1**	**(2)**	**-**	**(153,688)**	**(487,973)**	**(641,661)**	**(1,390)**	**(643,051)**
Adjustments between Group Accounts and Authority Accounts	-	-	-	-	-	**-**	**-**	**-**	-	**-**
Net Increase/Decrease before transfers	**(153,687)**	**-**	**1**	**(2)**	**-**	**(153,688)**	**(487,973)**	**(641,661)**	**(1,390)**	**(643,051)**
Adjustments between accounting basis and funding basis under regulations	159,566	-	-	8,768	-	**168,334**	**(168,334)**	**-**	-	**-**
Net Increase/Decrease before transfers to Earmarked Reserves	**5,879**	**-**	**1**	**8,766**	**-**	**14,646**	**(656,307)**	**(641,661)**	**(1,390)**	**(643,051)**
Transfers to/from Earmarked Reserves	(5,877)	(4,199)	1,873	1,370	6,833	**-**	**-**	**-**	-	**-**
Balance at 1 April 2010	**24,839**	**38,024**	**14,566**	**13,542**	**97,176**	**188,147**	**(190,279)**	**(2,132)**	**(1,780)**	**(3,912)**

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Service	2009/10 Gross Expenditure £000	2009/10 Income £000	2009/10 Net Expenditure £000	2010/11 Gross Expenditure £000	2010/11 Income £000	2010/11 Net Expenditure £000
Gross expenditure, gross income and net expenditure of continuing operations						
Children's and Education Services	876,936	(619,223)	257,713	843,081	(643,720)	199,361
Environmental Services	32,854	(3,302)	29,552	29,522	(2,871)	26,651
Highways, Roads and Transportation	76,670	(14,091)	62,579	82,116	(16,922)	65,194
Leisure	14,914	(5,854)	9,060	16,340	(6,641)	9,699
Libraries	15,425	(1,756)	13,669	16,941	(2,137)	14,804
Planning and Development	7,761	(1,503)	6,258	7,084	(1,269)	5,815
Adult Social Care	297,073	(94,350)	202,723	327,011	(87,779)	239,232
Democratic Representation and Management	4,375	(2)	4,373	4,455	(83)	4,372
Corporate Management	16,709	(9,070)	7,639	27,784	(21,617)	6,167
Non Distributed Costs	7,611	(1,368)	6,243	8,188	-	8,188
Central Services to the Public	4,223	(966)	3,257	2,642	(1,116)	1,526
Share of Operating Result of Associate	120	-	120	542	-	542
Exceptional Items						
Single Status - Back Pay	12,781	-	12,781	11,647	-	11,647
Pensions past service gain	-	-	-	(151,730)	-	(151,730)
Contributions to Other Bodies						
Coroner	643	-	643	642	-	642
Net cost of services	**1,368,095**	**(751,485)**	**616,610**	**1,226,265**	**(784,155)**	**442,110**
Other Operating Expenditure						
Loss on Disposal of non-current assets	53,290	-	53,290	4,540	-	4,540
Change in Fair value of assets held for sale	-	-	-	1,430	-	1,430
Other Operating Income and Expenditure	3,472	(163)	3,309	997	(212)	785
Financing and Investment Income and Expenditure						
Interest Payable	34,846	-	34,846	35,660	-	35,660
Pensions Interest Costs	90,056	-	90,056	102,176	-	102,176
Expected Return on Pensions Assets	-	(47,768)	(47,768)	-	(68,567)	(68,567)
Interest and Investment Income	-	(2,106)	(2,106)	-	(493)	(493)
Income & Expenditure in relation to Investment Properties and changes in	714	(484)	230	70	(818)	(748)
Net (Surplus)/Deficit of Trading Undertakings	43,862	(43,875)	(13)	45,396	(41,361)	4,035
Insurance Revenue	(1,829)	(45)	(1,874)	(5,991)	(83)	(6,074)
Group Accounts						
Share of interest and investment income of Associate	-	(185)	(185)	-	(159)	(159)
Share of Pensions Interest Costs and Expected Return on Pensions Assets of Associate	624	(435)	189	810	(649)	161
Share of taxation of Associate	-	(35)	(35)	-	(15)	(15)
Taxation and Non-Specific Grant Income						
Recognised capital grants and contributions			(57,615)			(50,014)
Income from Council Tax			(305,975)			(308,833)
General Government Grants			(46,771)			(42,188)
Non-Domestic Rates Distribution			(136,194)			(153,749)
Local Authority Business Growth Initiatives			(313)			-
Flood Restoration Grant			-			-
Area Based Grant			(34,881)			(52,688)
Performance Reward Grant			(11,021)			5,402
(Surplus) or Deficit on Provision of Services			**153,779**			**(87,229)**
(Surplus) or Deficit on Revaluation of non current assets			43,637			2,659
Actuarial (gains) / losses on pensions assets / liabilities			446,647			(389,430)
Other (gains) / losses			(1,011)			11
Total Comprehensive Income and Expenditure			**643,052**			**(473,989)**

GROUP BALANCE SHEET

	31 March 2009		31 March 2010		31 March 2011	
	£000	£000	£000	£000	£000	£000
Property, Plant and Equipment						
Land & Buildings	1,202,879		998,380		971,203	
Vehicles & Plant	21,945		26,039		24,988	
Equipment, Furniture & Fittings	43,701		45,621		50,687	
Infrastructure Assets	397,471		414,605		432,711	
Community Assets	33		33		33	
Surplus Assets	36,440		37,469		38,306	
P, P & E Under Construction	19,340	**1,721,809**	25,801	**1,547,948**	32,486	**1,550,414**
Investment Property	28,382		24,972		25,310	
Intangible Assets	1,434		943		6,142	
Investments in Associates and Joint Venture	552		428		443	
Long Term Advances	2,537		2,729		2,883	
Long Term Debtors	4,641	37,546	5,179	34,251	6,009	40,787
Total Long Term Assets		**1,759,355**		**1,582,199**		**1,591,201**
Short Term Investments	113,890		74,356		20,038	
Inventories	5,095		3,707		3,400	
Short Term Debtors	58,223		75,070		65,106	
Less Bad Debts Provision	(2,051)		(2,358)		(3,400)	
	56,172		72,712		61,706	
Non-current Assets Held for Sale	848		155		6,298	
Total Current Assets		**176,005**		**150,930**		**91,442**
Cash and Cash Equivalents	(88,391)		(23,008)		(8,994)	
Short Term Creditors	(149,538)		(161,693)		(154,322)	
Short Term Provisions	(1,172)		(1,262)		(15,326)	
Loans to be repaid within 1 year	(9,430)		(11,962)		(11,713)	
Short Term Finance Lease Liability	(4,248)	(252,779)	(4,896)	(202,821)	(4,787)	(195,142)
Total Assets less Current Liabilities		**1,682,581**		**1,530,308**		**1,487,501**
Long Term Provisions	(8,514)		(10,059)		(6,883)	
Long Term Borrowing	(242,013)		(275,062)		(258,745)	
Long Term Finance Lease Liability	(170,195)		(170,897)		(164,892)	
Deferred Liability	(3,166)		(2,729)		(2,322)	
Capital Grants Receipts in Advance	(4,970)	**(428,858)**	(1,558)	**(460,305)**	(701)	**(433,543)**
IAS19 Pensions Liability		(614,584)		(1,073,915)		(583,879)
Total Net Assets		**639,139**		**(3,912)**		**470,079**
Usable Reserves						
Capital Receipts Reserve		3,406		13,542		3,518
Revenue Reserves		89,953		95,396		88,350
General Insurance		12,692		14,566		20,639
Schools Statutory Reserves		42,223		38,024		31,764
General Fund Balance		24,837		24,839		28,124
Unusable Reserves						
Capital Adjustment Account		901,848		756,403		760,446
Revaluation Reserve		189,393		133,494		126,887
IAS19 Pensions Reserves		(613,642)		(1,071,707)		(581,574)
Financial Instruments Adj Account		(189)		(175)		(161)
Collection Fund Adjustment Account		2,553		3,582		4,629
Employee Benefits Account		(13,935)		(11,876)		(12,543)
		639,139		**(3,912)**		**470,079**

GROUP CASH FLOW STATEMENT

	2009/10 £000	2010/11 £000
Net (surplus) or deficit on the provision of services	153,779	(87,229)
Adjust for non-cash movements	(193,366)	51,802
Adjust for items included in investing or financing	2,218	4,914
Net cash flows from operating activities	**(37,369)**	**(30,513)**
Investing activities	2,543	(4,973)
Financing activities	(30,557)	21,472
Net (increase)/decrease in cash and cash equivalents	**(65,383)**	**(14,014)**
Cash and cash equivalents at beginning of period	**(88,391)**	**(23,008)**
Cash and cash equivalents at end of period	**(23,008)**	**(8,994)**

NOTES TO GROUP ACCOUNTS

Details of Associates included in the Group Accounts

Nottingham and Nottinghamshire Futures Limited (formerly Connexions Nottinghamshire Limited) (Registered Number 4172770).
Summary financial information of the Associates for the year ended 31 March 2011 is as follows:

	2009/10 £000	Unaudited 2010/11 £000
Reserve	12,275	13,193
Profit/(loss)	405	(1,058)
Total Assets	3,034	2,934
Total Liabilities	(7,944)	(6,657)
Equity and Reserves	(4,910)	(3,723)

Nature of Business and Relationship with the Authority

This company is a Local Authority Controlled Company, owned equally between Nottingham City Council and Nottinghamshire County Council specifically to deliver information, advice and guidance (IAG) provision to 13 - 19 year olds, and to fulfil the statutory duty that local authorities have to deliver IAG on behalf of the Councils from 1 April 2008.

Accounts

Copies of the accounts of Nottingham and Nottinghamshire Futures Limited (formerly Connexions Nottinghamshire Limited) can be obtained from Companies House, Crown Way, Maindy, Cardiff.

Audit Opinion

The accounts of this company for the year ended 31 March 2011 are awaiting an audit opinion.

NOTTINGHAMSHIRE COUNTY COUNCIL PENSION FUND

Introduction

Nottinghamshire County Council is the administering authority for the Local Government Pension Scheme (LGPS) within Nottinghamshire. The LGPS is a statutory scheme administered by individual pension funds. The benefits within the scheme are determined by regulation and are guaranteed by statute. The pension fund exists to help defray the cost of paying the pension benefits. Members make contributions to the Fund as specified in the regulations and employers make contributions as determined by the Fund's actuary as part of the triennial valuation of the Fund. All new employees are brought into the scheme automatically, unless a positive election not to participate is received from the employee.

The County Council administers the pension fund for over 100 participating employers and over 98,000 members. The employers include the County Council, the City Council, District Councils and organisations which used to be part of local government (such as Nottingham Trent University, Colleges and Police civilian staff). They also include organisations which satisfy the conditions to participate in the LGPS and have been admitted to the Fund by the County Council. In general, these organisations are non-profit making, or are undertaking a service which was, or could be, carried out by the local authority.

The County Council used to administer two separate funds, one for the main employers and one for the admitted bodies. From 1 April 2010, the two funds merged and the assets and accrued liabilities of the former Admission Agreement etc Fund transferred back into the main fund from that date. Only one set of accounts will now be produced for the combined fund. All comparative balances within the accounts and supporting notes have been restated to reflect the combined position.

The operation of the Fund is set out in a number of published policy statements. Under the Governance Compliance Statement, the functions as administering authority of the Fund are delegated to the Pensions Committee supported by two advisory sub-committees.

The Funding Strategy Statement sets out the aims and purpose of the Fund and details the responsibilities of the administering authority as regards funding the scheme.

The Statement of Investment Principles sets out more detailed responsibilities relating to the overall investment strategy of the Fund including the proposed asset allocation, restrictions on investment types, the type of investment management used and performance monitoring. It also states the Fund's approach to responsible investment and corporate governance issues.

The Communications Strategy Statement details the overall strategy for involving stakeholders in the Fund. A key part of this strategy is a dedicated Fund website which is available at:
www.nottspf.org.uk.

The accounts of the fund are set out over the following pages. A separate annual report for the Fund is also produced and this, along with previous years' reports, will be accessible via the the pension fund website. The annual report includes the accounts and the published policies as well as information on the investment performance of the fund.

NOTTINGHAMSHIRE COUNTY COUNCIL PENSION FUND

FUND ACCOUNT FOR YEAR ENDED 31 March 2011

	Notes	2009/10 £000	2010/11 £000
Contributions			
Employer contributions	4	129,230	131,003
Member contributions	4	45,950	45,815
		175,180	**176,818**
Transfers in from other pension funds		**16,378**	**16,570**
Benefits	4		
Pensions		98,306	103,597
Commutation of pensions and lump sum retirement benefits		26,593	36,601
Lump sum death benefits		2,721	3,328
		127,620	**143,526**
Payments to and on account of leavers		**14,534**	**24,453**
Administration Expenses		**1,429**	**1,390**
Net additions from dealings with members		**47,975**	**24,019**
Investment Income	5	78,157	79,051
Profits & losses on disposal of investments & changes in value		587,885	178,066
Taxes on income		(782)	(690)
Investment management expenses		(3,776)	(4,465)
Net Returns on Investments		**661,484**	**251,962**
Net increase/(decrease) in net assets available		**709,459**	**275,981**
Opening net assets of the Fund		2,022,367	2,731,826
Net assets available to fund benefits		**2,731,826**	**3,007,807**

NOTTINGHAMSHIRE COUNTY COUNCIL PENSION FUND

NET ASSETS STATEMENT

	Notes	31 March 2010 £000	31 March 2011 £000
Investments	6		
Fixed Interest Securities			
UK Public Sector		81,230	116,003
UK Other		100,616	97,601
Overseas Public Sector		54,167	48,997
Overseas Other		13,152	8,198
Index Linked Securities			
Public Sector		26,665	38,077
Other		21,869	24,675
Equities			
UK		897,775	969,648
Overseas		462,773	499,190
Unlisted		1,487	1,775
Pooled Investment Vehicles			
Unit Trusts		209,000	225,942
Unitised Insurance Policies		189,840	223,059
Other Managed Funds		188,446	214,106
Pooled Vehicles Invested in Property			
Property Unit Trusts		41,802	29,321
Other Managed Funds		92,914	93,416
Property		248,085	272,017
Cash and Currency	9	89,360	132,186
Total Investments		**2,719,181**	**2,994,211**
Current assets	7	18,243	21,604
Current Liabilities	7	(5,598)	(8,008)
Net assets available to fund benefits		**2,731,826**	**3,007,807**

The actuarial present value of promised retirement benefits, as required by IAS 26, is disclosed in an accompanying actuarial report. This can be found at page xx.

NOTTINGHAMSHIRE COUNTY COUNCIL PENSION FUND

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

BASIS OF PREPARATION

The Pension Fund accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 (the Code).* On issues where there is no clear guidance in the Code, reference has been made under the hierarchy of standards to *Financial Reports of Pension Schemes: a Statement of Recommended Practice 2007 (the Pensions SORP).* Disclosures in the Pension Fund accounts have been limited to those required by the Code. There are no material changes in comparative figures resulting from the adoption of the Code.

DEBTORS AND CREDITORS

The accruals concept for debtors and creditors is applied to these accounts in compliance with the Code.

INVESTMENTS

Pension fund investments are carried at fair value in accordance with the Code. Fair value is defined as 'the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's-length transaction'. Where an active market exists, the quoted market price is used. Where there is no active market, fair value is established by using valuation techniques. Specific details on the valuation methods for particular classess of assets are listed below.

- Equities traded through a stock exchange are valued at the latest quoted price. Where more than one price is quoted the 'bid' price is used.
- Unit Trusts and managed funds are valued at the closing single price or the bid price where applicable. These reflect the market value of the underlying investments.
- Unquoted securities and pooled private equity investments are valued at fair value by the fund managers at the year end in accordance with generally accepted guidelines.
- The market value of fixed interest investments includes income accrued at 31 March but not yet due for payment.
- Property investments are stated at open market value based on a quarterly independent valuation at the Net Assets Statement date.

Acquisition costs are included in the purchase cost of investments.

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value.

Forward foreign exchange contracts are over the counter contracts under which two parties agree to exchange two currencies on a specified future date at an agreed rate of exchange. These are used to manage the economic exposure to bond markets and hedge against foreign currency movements. These contracts are included at fair value by determining the gain or loss that would arise from closing out the contract at the Net Assets Statement date by entering into an equal and opposite contract at that date. The movements on these contracts during the year are shown in the reconciliation of opening and closing balances of investments at note 6.

INVESTMENT INCOME

Income is accounted for on an accruals basis.

TAXES ON INCOME

UK equity dividends are quoted and accounted for at the net rate. The tax credit, which the Fund is unable to recover, is not recognised (in accordance with the Pensions SORP).
Overseas equity dividends are accounted for gross of withholding tax, where this is deducted at source. Partial reclaims of withholding tax, where allowed, are adjusted at the year end by outstanding claims.

FOREIGN CURRENCIES

Where forward exchange contracts are in place in respect of assets and liabilities in foreign currencies, the contract rate is used. Other assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year-end. Income from overseas investments is translated into sterling at the rate ruling on the date of the transaction. Surpluses and deficits arising on conversion or translation are dealt with as part of the change in market value of investments.

CONTRIBUTIONS
Normal contributions, both from the members and from employers, are accounted for in the payroll month to which they relate at rates as specified in the rates and adjustments certificate. Additional contributions from the employer are accounted for on an accruals basis.

BENEFITS PAYABLE
Under the rules of the Scheme, members can receive a lump sum retirement grant in addition to their annual pension. Lump sum retirement grants are accounted for from the date of retirement. Where a member can choose whether to take a greater retirement grant in return for a reduced pension these lump sums are accounted for on an accruals basis from the date the option is exercised. Other benefits are accounted for on the date the member leaves the Scheme or on death.

TRANSFERS TO AND FROM OTHER SCHEMES
Transfer values represent the capital sums either receivable (in respect of members from other pension schemes of previous employers) or payable (to the pension schemes of new employers for members who have left the Scheme). They take account of transfers where the trustees (or administering authority) of the receiving scheme have agreed to accept the liabilities in respect of the transferring members before the year end, and where the amount of the transfer can be determined with reasonable certainty.

OTHER EXPENSES
Administration and investment management expenses are accounted for on an accruals basis. Expenses are recognised net of any recoverable VAT. Nottinghamshire County Council charges the Fund with the costs it incurs in administering the scheme and the Fund

2. OPERATION OF THE FUND

(a) **Contributions and Solvency**

With effect from 1 April 2008 The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 were introduced in conjunction with the Local Government Pension Scheme Regulations 1997. The principal changes from the 1997 regulations were: the replacement, for future service, of the existing benefits structure (based on a pension of 1/80th of pensionable pay for each year of pensionable service plus an automatic lump sum of three times this amount) by one based on 1/60th of pensionable pay for each year of pensionable service and no automatic lump sum.

Employees are required by the combined Regulations to make percentage contributions by deduction from earnings at a rate between 5.5% and 7.5% depending on salary. Employers are required to make such balancing contributions, determined by the Actuary, as will maintain the fund in a state of solvency, having regard to existing and prospective liabilities. In 2010/11, 33 authorities made additional contributions totalling £7.4 million in addition to the contributions determined by the actuary (2009/10 : 23 Authorities : £7.9 million).

(b) **Actuarial Valuations**

As required by the Regulations an Actuarial Valuation of the Fund was carried out as at 31 March 2010. The market value of the Fund's assets at the valuation date was £2,732 million. The Actuary has estimated that the value of the Fund was sufficient to meet 84% of its expected future liabilities in respect of service completed to 31 March 2010. The new contribution rates are expected to improve this to 100% within a period of 20 years.

The Actuarial Valuation was carried out using the projected unit method and the contribution rates were calculated following the completion of the valuation. The assumptions used within the valuation were as follows:

	March 2010	
	% pa	**Real % pa**
Investment return:		
Equities/absolute return funds	7.5%	4.0%
Gilts	4.5%	1.0%
Bonds & Property	5.6%	2.1%
Discount Rate	6.9%	3.4%
Risk Adjusted Discount Rate	6.8%	3.3%
Pay Increases	5.0%	1.5%
Price Inflation	3.5%	-
Pension Increases	3.0%	-0.5%

The full actuarial valuation report is available on the Fund's website at: www.nottspf.org.uk.

The employers' contribution rates paid in 2009/10 and 2010/11 were set by the valuation carried out as at 31 March 2007. The rates to be paid in 2011/12 have been set by the latest valuation carried out as at 31 March 2010. The following list shows the rates payable by the main employers:

Percentages of Pensionable Pay		**2009/10** %	**2010/11** %	**2011/12** %
Nottinghamshire County Council		16.7	17.4	18.3
Nottingham City Council		16.8	17.4	18.0
Ashfield District Council		22.1	22.4	22.4
Bassetlaw District Council		21.0	21.1	22.1
	Plus	£637,000	£670,000	
Broxtowe Borough Council		17.5	17.7	18.7
Gedling Borough Council		17.6	17.6	18.2
Mansfield District Council		20.0	20.3	20.5
Newark and Sherwood District Council		21.0	21.9	21.9
Rushcliffe Borough Council		19.2	19.2	19.5
	Plus	£163,600	£163,600	

The actuarial present value of promised retirement benefits has been calculated by the Fund's actuaries in accordance with IAS 19. The detailed calculations are shown in the accompanying actuarial report at page xx. The assumptions used for the purposes of the IAS 19 calculations are as follows:

	31 March 2011		**31 March 2010**		**31 March 2009**	
	% pa	**Real % pa**	**% pa**	**Real % pa**	**% pa**	**Real % pa**
RPI Increases	3.5%	-	3.9%	-	3.0%	-
CPI increases	2.7%	-0.8%	n/a		n/a	
Salary Increases	5.0%	1.5%	5.4%	1.5%	4.5%	1.5%
Pension Increases	2.7%	-0.8%	3.9%	-	3.0%	-
Discount Rate	5.5%	1.9%	5.5%	1.5%	6.7%	3.6%

The figures in the accompanying report are presented only for the purposes of IAS 19. In particular, they are not relevant for calculations undertaken for funding purposes or for other statutory purposes under UK pensions legislation

(c) **Investment Strategy**
The investment strategy of the Fund is designed to maximise growth within acceptable risk parameters to help meet the future liabilities. The powers of investment are governed by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. Strategic decisions on investment policy are made by the Pensions Committee, advised by a Pensions Investment Sub-Committee. The policy is set out in the Fund's Statement of Investment Principles, a copy of which is available on the pension fund website (www.nottspf.org.uk) or by writing to:
Service Director (Finance), County Hall, West Bridgford, Nottingham, NG2 7QP.

The Sub-Committee consists of nine elected County Councillors, three representatives of Nottingham City Council, two representatives of the District Councils, two representatives of the trade unions and a representative elected by the other scheduled and admitted bodies. Meetings are also attended by an independent adviser and representatives of the Service Director (Finance).

The investments are managed by officers of the County Council or by organisations specialising in the management of pension fund assets. The Sub-Committee meets on a quarterly basis to review the investments of the Fund.

(d) **External Audit**
A separate fee is payable to the Audit Commission for audit of the pension fund. All fees have been included in the accounts for the period to which they relate. The fee for 2010/11 is £49,500 (2009/10 £49,500).

3. CONTRIBUTORS AND PENSIONERS

		Members at 31/3/11				
	31/3/10 Total	**County Council**	**City Council**	**District Councils**	**Other**	**31/3/11 Total**
Contributors	42,280	18,099	8,981	3,795	9,039	39,914
Deferred Beneficiaries	29,925	14,899	7,622	3,161	6,418	32,100
Pensioners	25,853	12,879	5,265	4,160	4,418	26,722
	98,058					**98,736**

4. ANALYSIS OF CONTRIBUTIONS AND BENEFITS

	County Council		**Scheduled Bodies**		**Admitted Bodies**	
	2009/10 £000	**2010/11 £000**	**2009/10 £000**	**2010/11 £000**	**2009/10 £000**	**2010/11 £000**
Employer contributions	48,599	50,200	76,459	76,352	4,172	4,451
Member contributions	18,004	17,315	26,378	26,928	1,568	1,572
Benefits	48,765	62,501	75,921	77,386	2,934	3,639

5. INVESTMENT INCOME

Analysis by type of investment	**2009/10 £000**	**2010/11 £000**
Interest from fixed interest securities	17,473	12,600
Income from index-linked securities	774	1,019
Dividends from equities	37,086	40,960
Income from pooled investment vehicles	5,260	4,492
Income from property pooled vehicles	780	3,326
Net rents from property	16,365	15,905
Interest on cash deposits	304	722
Other	115	27
	78,157	**79,051**

6. INVESTMENTS

The original values of investments are based on purchase cost plus expenses. If any investments have been held since 1 April 1974 (when the County Council was given the responsibility for the Fund) these are included at the market value as at that date.

	31/3/10 £000	31/3/11 £000
Market Value	2,719,181	2,994,211
Original Value	2,306,845	2,451,032
Excess/(Deficit) of Market Value over Original Value	**412,336**	**543,179**

At 31 March 2011 the fund held no investment representing over 5% of the fund (2009/10 also nil).

Management Arrangements
The Pensions Committee, advised by the Pensions Investment Sub-Committee, is responsible for determining the investment strategy of the Fund and the type of investment management to be used. An analysis of the investment management arrangements as at the Net Assets Statement date is shown below:

	31/3/10 £000	%	31/3/11 £000	%
In-house	1,024,751	37.7	1,145,956	38.3
Schroder Investment Management	716,917	26.4	794,450	26.5
Aegon Asset Management	315,682	11.6	333,551	11.1
Aberdeen Property Investors	286,040	10.5	308,185	10.3
Legal & General	180,152	6.6	189,926	6.3
Hermes Asset Management	90,171	3.3	109,983	3.7
Standard Life	54,969	2.0	57,248	1.9
Keills	23,499	0.9	25,319	0.9
Governance 4 Owners	12,379	0.5	14,652	0.5
Martin Currie	14,621	0.5	14,941	0.5
Total	**2,719,181**	**100.0**	**2,994,211**	**100.0**

Asset Allocation
The asset allocation of the Fund as at the Net Assets Statement date is shown below:

	31/3/10 £000	%	31/3/11 £000	%
UK Fixed Interest	191,478	7.0	213,604	7.1
Overseas Fixed Interest	70,743	2.6	57,195	1.9
Index Linked Securities	49,998	1.8	62,752	2.1
UK Equities	958,020	35.2	1,045,567	34.9
Overseas Equities:				
US	309,007	11.4	350,198	11.7
Japan	92,772	3.4	88,939	3.0
Europe	293,567	10.8	319,506	10.7
Pacific Basin	126,983	4.7	133,554	4.5
Emerging Markets	91,844	3.4	117,525	3.9
Global	14,621	0.5	14,941	0.5
UK Property	291,224	10.7	302,627	10.1
Overseas Property	91,577	3.4	92,128	3.1
Private Equity	47,987	1.8	63,489	2.1
Cash	89,360	3.3	132,186	4.4
Total	**2,719,181**	**100.0**	**2,994,211**	**100.0**

Analysis of Pooled Investment Vehicles
The underlying economic exposure of pooled investment vehicles is shown below:

	31/3/10 £000	31/3/11 £000
UK Fixed Interest	9,631	-
Overseas Fixed Interest	3,423	-
Index Linked	1,464	-
UK Equities	83,924	103,029
Overseas Equities:		
US	111,523	139,421
Japan	64,987	60,993
Europe	56,063	59,039
Pacific Basin	126,983	133,554
Emerging Markets	68,167	90,416
Global	14,621	14,941
UK Property	43,139	30,609
Overseas Property	91,577	92,128
Private Equity	46,500	61,714
Total	**722,002**	**785,844**

Property

Direct property is shown at open market value (as defined by the International Valuation Standards Committee) as determined by Savills Commercial Limited.

The analysis of property is:

	31/3/10 £000	31/3/11 £000
Freehold	239,835	264,417
Leasehold more than 50 years	8,250	7,600
	248,085	**272,017**
Original Value	266,132	280,467

Reconciliation of Opening and Closing Values of Investments

	Value at 1/4/10 £000	Purchases at Cost £000	Proceeds of Sales £000	Change in Market Value £000	Value at 31/3/11 £000
Fixed Interest Securities	249,165	197,523	(172,789)	(3,100)	270,799
Index Linked Securities	48,534	14,415	(3,269)	3,072	62,752
Forward Foreign Exchange	-	65,888	(65,297)	(591)	-
Equities	1,362,035	175,422	(159,016)	92,172	1,470,613
Pooled Investment Vehicles	587,286	52,267	(44,599)	68,153	663,107
Property Pooled Vehicles	134,716	-	(21,549)	9,570	122,737
Property	248,085	34,681	(19,539)	8,790	272,017
	2,629,821	**540,196**	**(486,058)**	**178,066**	**2,862,025**
Cash deposits	89,360				132,186
	2,719,181				**2,994,211**

For Forward Foreign Exchange contracts, the purchase cost and sale proceeds represent the sterling value of the currency purchases and sales at the settlement dates specified in the contracts.

Transaction costs are included in the cost of purchases and sale proceeds. The costs charged directly to the fund, such as fees, commissions and stamp duty, amounted to £2,683,254 in 2010/11 (£1,849,317 in 2009/10). In addition, indirect costs are incurred through the bid-offer spread on investments. This amount is not separately provided.

7. NET CURRENT ASSETS/(LIABILITIES)

	31 March 2010 £000	31 March 2011 £000
Current assets		
- sale of investments	844	349
- contributions due from employers	8,347	9,260
- other	9,052	11,995
	18,243	**21,604**
Current Liabilities		
- purchase of investments	(4)	-
- other	(5,594)	(8,008)
	(5,598)	**(8,008)**

8. MEMBERS ADDITIONAL VOLUNTARY CONTRIBUTIONS

The Nottinghamshire Funds provide an additional voluntary contribution (AVC) scheme to enable members to purchase additional benefits. Contributions are paid over to, and invested separately by, the two scheme providers, Prudential and Scottish Widows. The contributions are not included in the Funds' accounts in accordance with regulation 4(2)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. The value of the separately invested AVCs is shown below:

	31 March 2010 £000	31 March 2011 £000
Prudential	30,126	29,698
Scottish Widows	3,709	3,735
	33,835	**33,433**

9. RELATED PARTY TRANSACTIONS

From 1 April 2010 Pension Fund cash was invested separately from County Council cash but in line with the County Council's Treasury Management Policy. The Net Assets Statement at 31 March 2010 included cash of £84.8 million, which was used by Nottinghamshire County Council under regulation 3(4) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. This use counted as an investment for the pension fund and, in accordance with regulation 16 of the same regulations, the Fund received interest on this cash at the 7-day local government rate. The maximum amount used by the County Council during 2009/10 was £145 million.

During the financial year 2010/11 County Councillor Mr D Taylor was a member of Nottinghamshire County Council Pensions Committee and in receipt of a pension from this fund. In addition, Mr J Pearson was a part-time employee of Nottinghamshire County Council dealing with Pension Fund investment matters and in receipt of a pension from this fund. There are no other related party transactions between members and officers of the Council and the Fund.

GLOSSARY OF TERMS

Accruals	The concept that income and expenditure are recognised as they are earned or incurred, not as money happens to be received or paid.
Actuary	An actuary is an expert on pension scheme assets and liabilities. The Local Government Pension Scheme actuary reassesses the rate of employer contributions to the Pension fund every three years.
Added Years	Additional years of service awarded to increase benefits of employees taking early retirement.
Amortisation	The process of charging capital expenditure, usually on intangible assets, to the Comprehensive Income & Expenditure Statement over a suitable period of time.
Area Based Grant (ABG)	This was a non-ringfenced general grant, made up of a wide range of former specific grants from seven Government Departments. Authorities were free to use the totality of their non-ringfenced general funding (Revenue Support Grant and ABG) to support national, regional and local priorities as they saw fit. The Area Based Grant system ended in 2010/11 and most of its funding streams have been rolled into formula grant or the new Local Services Support Grant.
Balance Sheet	The accounting statement which sets out the Council's total net assets and how they were financed.
Budget	The Council's statement of spending plans and policies for a financial year, expressed in financial terms.
Capital Adjustment Account (CAA)	Contains the elements previously recorded in the Provision for Credit Liabilities, together with amounts to be set aside to repay debt and the amount of capital expenditure financed by capital receipts and revenue. It also contains the difference between the amounts provided for depreciation and the amount for Minimum Revenue Provision.
CFR	The Capital Financing Requirement is a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.
Capital Receipts	Income received from the sale of capital assets and available, subject to rules laid down by Government, to finance new capital expenditure or to repay debt.
Cash Flow Statement	Summarises the inflows and outflows of cash arising from transactions with third parties for capital and revenue purposes.
Comprehensive Income and Expenditure Statement (CI&E)	Consolidates all the gains and losses experienced during the financial year.
Community Assets	Assets such as historical structures and artefacts that the Authority intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal.
Creditors	Persons or bodies owed monies by the Authority that have not been paid by the end of the financial year.
DEFRA	Department for Environment, Food and Rural Affairs
DCSF	The Department for Children, Schools and Families

	was replaced by the Department for Education (DfE) in May 2010.
DCLG	Department for Communities and Local Government
Debtors	Persons or bodies owing sums to the Authority that have not been paid by the end of the financial year.
Direct Labour/Service Organisations	Workforces employed directly by local authorities to carry out works of repair, maintenance, construction etc. of buildings, grounds and roads and to provide catering and cleaning services and repairs and maintenance of vehicles.
Earmarked Reserves	Reserves set aside for a specific purpose.
Financial Instruments	A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability of another. For instance financial assets could be bank deposits, loans receivable, shares etc, whilst financial liabilities could be borrowings, debtors, financial guarantees etc.
General Fund	This balance is a general revenue reserve. Part of this fund is earmarked to provide a number of reserves.
Government Grants Deferred Account	Previously, grants were held in a grants deferred account and recognised as income over the life of the assets which they were used to fund. However, under the Code, grants and contributions for capital schemes are now recognised as income when they become receivable.
IAS	International Accounting Standard
IFRS	International Financial Reporting Standard
IFRIC	The International Financial Reporting Interpretations Committee provides interpretations of IFRS.
Infrastructure Assets	Assets such as roads and bridges, expenditure on which is recoverable only by continued use of the asset. These assets, by their nature, have no practical prospect of being decommissioned and sold or applied to alternative uses.
Impairments	An impairment or loss of value may arise on an asset upon revaluation. Assets which may be impaired are those in the categories of Property, Plant and Equipment and Intangible Assets.
Intangible Assets	Identifiable assets that lack physical substance and are expected to yield benefits to the Authority and the services it provides, e.g. software.
LOBO	Lender Option Borrower Option
Local Authority Business Growth Incentive Scheme (LABGI)	The Local Authority Business Growth Incentive Scheme provides an incentive for local authorities to promote economic growth in the area by allowing them to retain a proportion of any increase in business rates revenues.
Landfill Allowance Trading Scheme (LATS)	The scheme allocates tradable landfill allowances to each waste disposal authority in England and authorities can buy, sell or carry forward landfill allowances depending on usage requirements.
Leasing	A method of financing capital expenditure where a rental charge for an asset is paid for a specific period. There are two forms of lease, ‘finance leases’ which transfer substantially all the risks and rewards of

	ownership to the lessee and other leases which are known as ‘operating leases’.
Local Government Pension Scheme (LGPS)	Nottinghamshire County Council is the administrating authority for the LGPS within Nottinghamshire. The two funds are the Main Fund and the Admission Agreement etc. Pension Fund.
Minimum Revenue Provision (MRP)	The minimum amount which must be charged to revenue in the year for the repayment of debt (credit liabilities and credit arrangements). An authority may voluntarily set aside amounts in excess of the minimum required.
NNDR	National Non-Domestic Rate
PCT	Primary Care Trust
PFI	Private Finance Initiative
PPE	Property, Plant and Equipment
Precept Income	County Councils obtain part of their income from precepts levied on the District Councils in their area. Precepts, based on the ‘council tax bases’ of the District Councils, are levied on each district’s ‘collection fund’.
PWLB	Public Works Loans Board
Provisions	Sums of money set aside to meet specific expenses which are likely or certain to be incurred, but where the amounts cannot be accurately determined or dates on which they will arise. The sums set aside are charged to the appropriate service revenue accounts.
Reserves	Sums of money set aside to cover future eventualities. The sums set aside are charged to the General Fund and not to service revenue accounts.
Revaluation Reserve	Represents the difference between the revalued amount of Property, Plant and Equipment as shown in the accounts and actual costs.
Revenue Expenditure Financed from Capital Under Statute (REFfCUS)	These were previously known as deferred charges and included such items as work on property not owned by the authority and grants for economic development purposes.
SSAP	Statement of Standard Accounting Practice
Trust Funds	Funds established where the Authority acts as trustee. These amounts do not form part of the County Council’s resources.